

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 33-42125

CHUGACH ELECTRIC ASSOCIATION, INC.

(Exact name of registrant as specifies in its charter)

State of Alaska

(State or other jurisdiction of
incorporation or organization)

92-0014224

(I.R.S. Employer
Identification No.)

5601 Electron Drive, Anchorage, AK

(Address of principal executive offices)

99518

(Zip Code)

(907) 563-7494

(Registrant's telephone number, including area code)

None

(Former name, former address, and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

NONE

CHUGACH ELECTRIC ASSOCIATION, INC.
TABLE OF CONTENTS

Caution Regarding Forward-Looking Statements	2
Part I. Financial Information	
Item 1. Financial Statements (unaudited)	2
Consolidated Balance Sheets - as of March 31, 2017, and December 31, 2016	3
Consolidated Statements of Operations - Three months ended March 31, 2017, and March 31, 2016	5
Consolidated Statements of Cash Flows - Three months ended March 31, 2017, and March 31, 2016	6
Notes to Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	31
Part II. Other Information	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	34
Item 3. Defaults Upon Senior Securities	34
Item 4. Mine Safety Disclosures	34
Item 5. Other Information	34
Item 6. Exhibits	35
Signatures	36
Exhibits	37

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements in this report that do not relate to historical facts, including statements relating to future plans, events or performance, are forward-looking statements that involve risks and uncertainties. Actual results, events or performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this report and the accuracy of which is subject to inherent uncertainty. It is suggested that these statements be read in conjunction with the audited financial statements for Chugach Electric Association Inc. (Chugach) for the year ended December 31, 2016, filed as part of Chugach's annual report on Form 10-K. Chugach undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances that may occur after the date of this report or the effect of those events or circumstances on any of the forward-looking statements contained in this report, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited financial statements and notes to the unaudited financial statements of Chugach as of and for the quarter ended March 31, 2017, follow.

Chugach Electric Association, Inc.
Consolidated Balance Sheets
(Unaudited)

Assets	March 31, 2017	December 31, 2016
Utility Plant:		
Electric plant in service	\$ 1,204,760,014	\$ 1,192,513,869
Construction work in progress	11,023,857	18,455,940
Total utility plant	1,215,783,871	1,210,969,809
Less accumulated depreciation	(503,108,877)	(496,098,131)
Net utility plant	712,674,994	714,871,678
Other property and investments, at cost:		
Nonutility property	76,889	76,889
Investments in associated organizations	8,980,127	9,349,311
Special funds	978,562	907,836
Restricted cash equivalents	872,232	810,559
Investments - other	3,060,568	3,061,434
Total other property and investments	13,968,378	14,206,029
Current assets:		
Cash and cash equivalents	4,415,527	4,672,935
Special deposits	75,942	75,942
Restricted cash equivalents	838,449	899,723
Marketable securities	7,420,375	7,375,381
Accounts receivable, net	31,389,417	33,000,919
Materials and supplies	27,187,541	27,889,167
Fuel stock	4,880,941	6,321,676
Prepayments	3,233,765	1,407,026
Other current assets	427,188	294,697
Total current assets	79,869,145	81,937,466
Other non-current assets:		
Deferred charges, net	24,914,883	25,140,957
Total other non-current assets	24,914,883	25,140,957
Total assets	<u>\$ 831,427,400</u>	<u>\$ 836,156,130</u>

Chugach Electric Association, Inc.
Consolidated Balance Sheets (continued)
(Unaudited)

Liabilities, Equities and Margins	March 31, 2017	December 31, 2016
Equities and margins:		
Memberships	\$ 1,697,209	\$ 1,691,014
Patronage capital	173,984,906	169,996,436
Other	13,923,557	13,828,075
Total equities and margins	189,605,672	185,515,525
Long-term obligations, excluding current installments:		
Bonds payable	421,833,331	405,249,998
Notes payable	39,558,000	40,356,000
Less unamortized debt issuance costs	(2,805,096)	(2,715,745)
Total long-term obligations	458,586,235	442,890,253
Current liabilities:		
Current installments of long-term obligations	26,722,667	24,836,667
Commercial paper	47,200,000	68,200,000
Accounts payable	8,241,261	9,618,630
Consumer deposits	4,921,026	5,207,585
Fuel cost over-recovery	648,920	3,824,722
Accrued interest	1,105,521	5,873,368
Salaries, wages and benefits	7,424,928	7,315,898
Fuel	9,314,231	6,284,338
Other current liabilities	3,326,072	3,234,586
Total current liabilities	108,904,626	134,395,794
Other non-current liabilities:		
Deferred compensation	978,562	907,836
Other liabilities, non-current	752,597	655,277
Deferred liabilities	1,174,806	1,179,414
Patronage capital payable	12,008,499	12,008,499
Cost of removal obligation / ARO	59,416,403	58,603,532
Total other non-current liabilities	74,330,867	73,354,558
Total liabilities, equities and margins	\$ 831,427,400	\$ 836,156,130

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended March 31,	
	2017	2016
Operating revenues	\$ 60,793,482	\$ 50,250,135
Operating expenses:		
Fuel	20,719,292	13,888,937
Production	3,956,971	3,848,269
Purchased power	4,496,723	3,949,228
Transmission	1,649,799	1,376,867
Distribution	3,040,935	3,345,943
Consumer accounts	1,524,201	1,632,213
Administrative, general and other	6,310,066	5,829,967
Depreciation and amortization	9,525,251	8,487,648
Total operating expenses	\$ 51,223,238	\$ 42,359,072
Interest expense:		
Long-term debt and other	5,551,351	5,483,764
Charged to construction	(30,872)	(98,553)
Interest expense, net	\$ 5,520,479	\$ 5,385,211
Net operating margins	\$ 4,049,765	\$ 2,505,852
Nonoperating margins:		
Interest income	150,722	81,116
Allowance for funds used during construction	13,053	40,762
Capital credits, patronage dividends and other	48,102	1,200
Total nonoperating margins	\$ 211,877	\$ 123,078
Assignable margins	\$ 4,261,642	\$ 2,628,930

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31,	
	2017	2016
<u>Cash flows from operating activities:</u>		
Assignable margins	\$ 4,261,642	\$ 2,628,930
Adjustments to reconcile assignable margins to net cash provided by operating activities:		
Depreciation and amortization	9,525,251	8,487,648
Amortization and depreciation cleared to operating expenses	1,122,787	1,130,842
Allowance for funds used during construction	(13,053)	(40,762)
Write off of inventory, deferred charges and projects	79,538	112,223
Other	(49,333)	0
(Increase) decrease in assets:		
Accounts receivable, net	1,731,178	2,707,744
Materials and supplies	622,119	(594,700)
Fuel stock	1,440,735	1,257,591
Prepayments	(1,826,739)	(1,407,645)
Other assets	(132,491)	(116,969)
Deferred charges	(409,749)	(323,070)
Increase (decrease) in liabilities:		
Accounts payable	(1,062,710)	638,452
Consumer deposits	(286,559)	(197,245)
Fuel cost over-recovery	(3,175,802)	(535,123)
Accrued interest	(4,767,847)	(5,059,788)
Salaries, wages and benefits	109,030	132,117
Fuel	3,029,893	233,535
Other current liabilities	(250,588)	(201,989)
Deferred liabilities	0	(1,518)
Net cash provided by operating activities	9,947,302	8,850,273
<u>Cash flows from investing activities:</u>		
Return of capital from investment in associated organizations	369,917	318,164
Investment in restricted cash equivalents	(399)	(44)
Investment in special funds	0	(4,560,000)
Proceeds from capital grants	0	114,775
Extension and replacement of plant	(7,966,158)	(7,326,570)
Net cash used in investing activities	(7,596,640)	(11,453,675)
<u>Cash flows from financing activities:</u>		
Payments for debt issue costs	(152,072)	0
Net increase (decrease) in short-term obligations	(21,000,000)	23,000,000
Proceeds from long-term obligations	40,000,000	0
Repayments of long-term obligations	(22,328,667)	(22,706,339)
Memberships and donations received	101,677	14,044
Retirement of patronage capital and estate payments	(273,172)	(26,435)
Net receipts on consumer advances for construction	1,044,164	1,002,119
Net cash provided by (used in) financing activities	(2,608,070)	1,283,389
Net change in cash and cash equivalents	(257,408)	(1,320,013)
<u>Cash and cash equivalents at beginning of period</u>	<u>\$ 4,672,935</u>	<u>\$ 15,626,919</u>
<u>Cash and cash equivalents at end of period</u>	<u>\$ 4,415,527</u>	<u>\$ 14,306,906</u>
Supplemental disclosure of non-cash investing and financing activities:		
Cost of removal obligation	\$ 812,871	\$ 649,757
Extension and replacement of plant included in accounts payable	\$ 1,600,374	\$ 1,205,855
Supplemental disclosure of cash flow information - interest expense paid, net of amounts capitalized	\$ 9,982,893	\$ 10,150,305

See accompanying notes to financial statements.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

1. PRESENTATION OF FINANCIAL INFORMATION

The accompanying unaudited interim financial statements include the accounts of Chugach Electric Association, Inc. (Chugach) and have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States of America generally accepted accounting principles (U.S. GAAP) for complete financial statements. They should be read in conjunction with Chugach's audited financial statements for the year ended December 31, 2016, filed as part of Chugach's annual report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results that may be expected for an entire year or any other period.

2. DESCRIPTION OF BUSINESS

Chugach is one of the largest electric utilities in Alaska. Chugach is engaged in the generation, transmission and distribution of electricity in the Anchorage and upper Kenai Peninsula areas. Chugach is on an interconnected regional electrical system referred to as the Alaska Railbelt, a 400-mile-long area stretching from the coastline of the southern Kenai Peninsula to the interior of the state, including Alaska's largest cities, Anchorage and Fairbanks.

Chugach's retail and wholesale members are the consumers of the electricity sold. Chugach supplies much of the power requirements of the City of Seward (Seward), as a wholesale customer. Periodically, Chugach sells available generation, in excess of its own needs, to Matanuska Electric Association, Inc. (MEA), Homer Electric Association, Inc. (HEA), Golden Valley Electric Association, Inc. (GVEA) and Anchorage Municipal Light & Power (ML&P).

Chugach was organized as an Alaska electric cooperative in 1948 and operates on a not-for-profit basis and, accordingly, seeks only to generate revenues sufficient to pay operating and maintenance costs, the cost of purchased power, capital expenditures, depreciation, and principal and interest on all indebtedness and to provide for reserves. Chugach is subject to the regulatory authority of the Regulatory Commission of Alaska (RCA).

Chugach has three Collective Bargaining Agreements (CBA's) with the International Brotherhood of Electrical Workers (IBEW), representing approximately 70% of its workforce. Chugach also has an agreement with the Hotel Employees and Restaurant Employees (HERE). All three IBEW CBA's have been renewed through June 30, 2021. The three CBA's provide for wage increases in all years and include health and welfare premium cost sharing provisions. The HERE contract was renewed through June 30, 2021, and provides for wage, pension contribution, and health and welfare contribution increases in all years.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

3. SIGNIFICANT ACCOUNTING POLICIES

a. Management Estimates

In preparing the financial statements in conformity with U.S. GAAP, the management of Chugach is required to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and revenues and expenses for the reporting period. Estimates include allowance for doubtful accounts, workers' compensation liability, deferred charges and liabilities, unbilled revenue, estimated useful life of utility plant, cost of removal and asset retirement obligation (ARO), and remaining proved Beluga River Unit (BRU) reserves. Actual results could differ from those estimates.

b. Regulation

The accounting records of Chugach conform to the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission (FERC). Chugach meets the criteria, and accordingly, follows the accounting and reporting requirements of Financial Accounting Standards Board (FASB) ASC 980, "Topic 980 - Regulated Operations." FASB ASC 980 provides for the recognition of regulatory assets and liabilities as allowed by regulators for costs or credits that are reflected in current rates or are considered probable of being included in future rates. Chugach's regulated rates are established to recover all of the specific costs of providing electric service. In each rate filing, rates are set at levels to recover all of the specific allowable costs and those rates are then collected from retail and wholesale customers. The regulatory assets or liabilities are then reduced as the cost or credit is reflected in earnings and our rates.

c. Income Taxes

Chugach is exempt from federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code and for the three month periods ended March 31, 2017 and 2016 was in compliance with that provision.

Chugach applies a more-likely-than-not recognition threshold for all tax uncertainties. FASB ASC 740, "Topic 740 – Income Taxes," only allows the recognition of those tax benefits that have a greater than 50 percent likelihood of being sustained upon examination by the taxing authorities. Chugach's management reviewed Chugach's tax positions and determined there were no outstanding or retroactive tax positions that were not highly certain of being sustained upon examination by the taxing authorities.

d. Restricted Cash Equivalents

Restricted cash equivalents include funds on deposit for future workers' compensation claims, which amounted to \$0.9 and \$0.8 million at March 31, 2017 and December 31, 2016, respectively.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

e. Marketable Securities

Chugach’s marketable securities consist of bond mutual funds classified as trading securities, reported at fair value with gains and losses in earnings. Net gains on marketable securities are summarized as follows:

		Three months ended March 31, 2017
Net gains and losses recognized during the period on trading securities	\$	44,128
Less: Net gains and losses recognized during the period on trading securities <i>sold</i> during the period		0
Unrealized gains and losses recognized during the reporting period on trading securities <i>still held</i> at the reporting date	\$	44,128

f. Investments – Other

Investments – other consists of certificates of deposit with an original maturity of 18 months.

g. Accounts Receivable

Included in accounts receivable are amounts invoiced to ML&P for their proportionate share of current Southcentral Power Project (SPP) costs, which amounted to \$1.2 million and \$1.4 million at March 31, 2017, and December 31, 2016, respectively. In addition, accounts receivable includes amounts for grants to support investigating means of mitigating the impact of renewable generation variability on the grid, which amounted to \$0.1 million and \$0.0 million at March 31, 2017, and December 31, 2016, respectively. At March 31, 2017, accounts receivable also included \$0.6 million from BRU operations primarily associated with gas sales to ENSTAR Natural Gas Company (ENSTAR).

h. Fuel Stock

Fuel Stock is the weighted average cost of fuel injected into the Cook Inlet Natural Gas Storage Alaska (CINGSA). Chugach’s fuel balance in storage amounted to \$4.9 million and \$6.3 million at March 31, 2017, and December 31, 2016, respectively.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

4. REGULATORY MATTERS

Simplified Rate Filing

Chugach is a participant in the Simplified Rate Filing (SRF) process for adjustments to base demand and energy rates for Chugach retail customers and wholesale customer, Seward Electric System. SRF is an expedited base rate adjustment process available to electric cooperatives in the State of Alaska, with filings made either on a quarterly or semi-annual basis. Chugach is a participant on a quarterly filing schedule basis. Chugach submitted its December 2016 test year SRF with the RCA on March 1, 2017, as an informational filing with no changes to the demand and energy rates of Chugach retail customers or Seward.

Depreciation Study Update

In compliance with a previous order from the RCA (U-12-009(8)), Chugach submitted a 2015 Depreciation Study Update to the RCA, requesting approval of the depreciation rates resulting from the study for use in Chugach's financial record keeping and for establishing electric rates. The filing was submitted to the RCA on September 30, 2016. Chugach proposed changes to depreciation rates that would result in a \$5.9 million reduction in annual depreciation expense. On a demand and energy rate basis, the impact is a 4.7% reduction to retail customers and a 4.6% reduction to Seward. The reductions on a total customer bill basis, which includes fuel and purchased power costs, are 3.2% and 1.9%, respectively. Chugach requested that the updated depreciation rates be implemented on July 1, 2017, for both accounting and ratemaking purposes.

On October 11, 2016, the RCA issued Order U-16-081(1) to address the depreciation study update.

On March 23, 2017, the RCA issued Order U-16-081(2) approving Chugach's proposed changes to its depreciation rates. The depreciation rates were approved as filed. The RCA required Chugach to file a new depreciation study by July 1, 2022, based on plant activity as of December 31, 2021. The RCA closed the docket.

Furie Agreement

On March 16, 2017, Chugach submitted a request to the RCA for approval of the agreement entitled, "Firm and Interruptible Gas Sale and Purchase Agreement between Furie Operating Alaska, LLC and Chugach Electric Association, Inc." (Furie Agreement) dated March 3, 2017. As part of the filing, Chugach also requested RCA approval to recover both firm and interruptible purchases under the agreement and all attendant transportation and storage costs through its quarterly fuel and purchased power cost adjustment process.

On May 1, 2017, the RCA approved the Furie Agreement. The GSA provides Chugach with both firm and non-firm gas supplies over a 16-year period, with firm purchases beginning on April 1, 2023, and ending March 31, 2033, and interruptible gas purchases available to Chugach immediately and ending on March 31, 2033. With respect to firm purchases beginning on April 1, 2023, and ending on March 31, 2033, the GSA provides an Annual Gas Commitment by Furie

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

to sell and Chugach to purchase approximately 1.8 Bcf of gas each year, which represents approximately 20% to 25% of Chugach's projected gas requirements during this period. The GSA also provides Chugach with additional purchase options, on a firm and interruptible basis. The initial price for firm gas is \$7.16 per Mcf beginning April 1, 2023 and escalates annually rising to \$7.98 per Mcf on April 1, 2032, the last year of the contract.

The RCA also approved recovery of costs associated with the Furie GSA through its Cost of Power Adjustment (COPA) mechanism.

5. DEBT

Lines of Credit

Chugach maintains a \$50.0 million line of credit with National Rural Utilities Cooperative Finance Corporation (NRUCFC). Chugach did not utilize this line of credit in the three months ended March 31, 2017. In addition, Chugach did not utilize this line of credit during 2016 and had no outstanding balance at December 31, 2016. The borrowing rate is calculated using the total rate per annum and may be fixed by NRUCFC. The borrowing rate was 2.50% at March 31, 2017, and December 31, 2016. The NRUCFC Revolving Line Of Credit Agreement requires that Chugach, for each 12-month period, for a period of at least five consecutive days, pay down the entire outstanding principal balance. The NRUCFC line of credit expires October 12, 2017. This line of credit is immediately available for unconditional borrowing.

Commercial Paper

On June 13, 2016, Chugach entered into a \$150.0 million senior unsecured credit facility, the Credit Agreement, which is used to back Chugach's commercial paper program. The pricing includes an all-in drawn spread of one month London Interbank Offered Rate (LIBOR) plus 90.0 basis points, along with a 10.0 basis points facility fee (based on an A/A2/A unsecured debt rating). The new Credit Agreement will expire on June 13, 2021. The participating banks include NRUCFC, KeyBank National Association, Bank of America, N.A., and CoBank, ACB. The commercial paper can be repriced between one day and 270 days.

Chugach expects to continue issuing commercial paper in 2017, as needed. Chugach had \$47.2 million and \$68.2 million of commercial paper outstanding at March 31, 2017, and December 31, 2016, respectively.

The following table provides information regarding average commercial paper balances outstanding for the quarters ended March 31, 2017, and 2016 (dollars in millions), as well as corresponding weighted average interest rates:

2017		2016	
Average Balance	Weighted Average Interest Rate	Average Balance	Weighted Average Interest Rate
\$62.3	0.97 %	\$21.3	0.60 %

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

Term Loans

Chugach has a term loan facility with CoBank. Loans made under this facility are evidenced by the 2016 CoBank Note, which is governed by the Amended and Restated Master Loan Agreement dated June 30, 2016, and secured by the Second Amended and Restated Indenture of Trust (Indenture). At March 31, 2017, Chugach had \$42.9 million outstanding with CoBank.

Financing

On March 17, 2017, Chugach issued \$40,000,000 of First Mortgage Bonds, 2017 Series A, due March 15, 2037. The bonds were issued for general corporate purposes. The 2017 Series A Bonds will mature on March 15, 2037, and bear interest at 3.43%. Interest will be paid each March 15 and September 15, commencing on September 15, 2017. The 2017 Series A Bonds require principal payments in equal installments on an annual basis beginning March 15, 2018, resulting in an average life of approximately 10.0 years. The bonds are secured, ranking equally with all other long-term obligations, by a first lien on substantially all of Chugach's assets, pursuant to the Sixth Supplemental Indenture to the Second Amended and Restated Indenture of Trust, which initially became effective on January 20, 2011, as previously amended and supplemented.

Debt Issuance Costs

The following table outlines debt issuance costs associated with long-term obligations, excluding current installments, at March 31, 2017.

	Long-term Obligations	Unamortized Debt Issuance Costs
2011 Series A Bonds	\$ 200,333,331	\$ 1,314,681
2012 Series A Bonds	183,500,000	1,083,799
2017 Series A Bonds	38,000,000	152,073
2016 CoBank Note	39,558,000	254,544
	\$ 461,391,331	\$ 2,805,096

The following table outlines debt issuance costs associated with long-term obligations, excluding current installments, at December 31, 2016.

	Long-term Obligations	Unamortized Debt Issuance Costs
2011 Series A Bonds	\$ 210,999,998	\$ 1,347,350
2012 Series A Bonds	194,250,000	1,106,275
2016 CoBank Note	40,356,000	262,120
	\$ 445,605,998	\$ 2,715,745

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

6. RECENT ACCOUNTING PRONOUNCEMENTS

Issued, not yet adopted:

ASC Update 2014-09 “Revenue from Contracts with Customers (Topic 606)” and Related Updates

In May of 2014, the FASB issued Accounting Standards Codification (ASC) Update 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASC Update 2014-09 provides guidance for the recognition, measurement and disclosure of revenue related to the transfer of promised goods or services to customers. Chugach will begin application of the standard on January 1, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. While Chugach has not yet selected a transition method, we currently expect to use the cumulative effect method. Our transition method, and the expected materiality of the impact of adopting this standard on our operations, financial position, and cash flows, will be determined after we further evaluate the impact of this update.

We have evaluated our energy sales contracts, including retail, wholesale, and economy energy, and do not believe there will be a material impact to our recognition of revenue from energy sales. Energy sales are billed monthly per regulator approved tariffs based on the energy consumed by the customer. Total revenue derived from energy sales during 2016 was approximately 99% of our total operating revenue.

The American Institute of Certified Public Accountants (AICPA) Power and Utilities Revenue Recognition Task Force is currently assessing the impact of this update on contributions in aid of construction (CIAC). CIAC represents the funds collected from customers and third parties and recorded as a reduction to the total cost of property, plant and equipment, per industry standard practice. If it is determined that CIAC is within the scope of this update, it could have a material impact on the amount of revenue we recognize.

ASC Update 2016-01 “Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities”

In January of 2016, the FASB issued ASC Update 2016-01, “Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” ASC Update 2016-01 amends guidance related to certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. This update is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, with early adoption not permitted with certain exceptions. Chugach will begin application of ASC 2016-01 on January 1, 2018. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

ASC Update 2016-02 “Leases (Topic 842): Section A – Leases: Amendments to the FASB Accounting Standards Codification; Section B – Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification; Section C – Background Information and Basis for Conclusions”

In February of 2016, the FASB issued ASC Update 2016-02, “Leases (Topic 842): Section A – Leases: Amendments to the FASB Accounting Standards Codification; Section B – Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification; Section C – Background Information and Basis for Conclusions.” ASC Update 2016-02 amends guidance related to the recognition, measurement, presentation and disclosure of leases for lessors and lessees. This update is effective for fiscal years beginning after December 15, 2018, including the interim periods within those years, with early adoption permitted. Chugach will begin application of ASC 2016-02 on January 1, 2019. Chugach expects this update to increase the recorded amounts of assets and liabilities and we are evaluating the significance of the increase. We are also evaluating the impact of this update to our results of operations, financial position, and cash flows.

ASC Update 2016-11 “Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Update 2014-09 and 2014-06 Pursuant to Staff Announcements at the March 3, 2016, EITF Meeting (SEC Update)”

In May 2016, the FASB issued ASC Update 2016-11, “Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Update 2014-09 and 2014-06 Pursuant to Staff Announcements at the March 3, 2016, EITF Meeting (SEC Update).” ASC 2016-11 rescinds and supersedes SEC guidance previously governing revenue and expense recognition for freight services in process, accounting for shipping and handling fees and costs, consideration given by a vendor to a customer, and gas-balancing arrangements. This update affects the guidance in ASC Update 2014-09 and 2014-06 and follows the same effective date and transition requirements. While Chugach has not yet selected a transition method, we currently expect to use the cumulative effect method. Our transition method, and the expected materiality of the impact of adopting this standard on our operations, financial position, and cash flows, will be determined after we further evaluate the impact of this update.

ASC Update 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”

In June 2016, the FASB issued ASC Update 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASC Update 2016-13 revised the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2019, including the interim periods within those years, with early adoption permitted for fiscal years beginning after December 15, 2018, including interim periods within those years. Chugach will begin application of ASC 2016-13 on January 1, 2020. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

ASC Update 2016-15 “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)”

In August 2016, the FASB issued ASC Update 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force).” ASC Update 2016-15 clarifies how certain cash payments and cash proceeds should be classified on the statement of cash flows to limit the diversity in practice. This update is effective fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted. Chugach will begin application of ASC 2016-15 on January 1, 2018. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

ASC Update 2016-18 “Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)”

In November 2016, the FASB issued ASC Update 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force).” ASC Update 2016-18 clarifies how to classify and present changes in restricted cash or cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into or payments made from restricted cash or restricted cash equivalents on the statement of cash flows to limit the diversity in practice. This update is effective fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted. Chugach will begin application of ASC 2016-18 on January 1, 2018. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

ASC Update 2017-01 “Business Combinations (Topic 805): Clarifying the Definition of a Business”

In January 2017, the FASB issued ASC Update 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business.” ASC Update 2017-01 clarifies the definition of a business by providing a screen to determine when a set of assets and activities acquired or disposed of constitute a business, as well as a framework for evaluating whether all elements of a business are present in the set. This update is effective fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted only when the transaction has not been reported in financial statements. Chugach will begin application of ASC 2017-01 on January 1, 2018. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

ASC Update 2017-07 “Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”

In March 2017, the FASB issued ASC Update 2017-07, “Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” ASC Update 2017-07 amends current guidance on the presentation and disclosure of other compensation costs in the income statement. This update is effective fiscal years beginning after December 15, 2017, including interim periods within those years, with early adoption permitted only for financial statements that have not been issued. Chugach will begin application of ASC 2017-07 on January 1, 2018. Adoption is not expected to have a material effect on its results of operations, financial position, and cash flows.

7. FAIR VALUES OF ASSETS AND LIABILITIES

Fair Value Hierarchy

In accordance with FASB ASC 820, Chugach groups its financial assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes United States Treasury and federal agency securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect Chugach’s estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

The table below presents the balance of Chugach's marketable securities measured at fair value on a recurring basis at March 31, 2017, and December 31, 2016. Chugach's bond mutual funds are measured using quoted prices in active markets. Market prices for Chugach's certificates of deposit are measured using pricing models based upon market-observable interest rates. Chugach had no other assets or liabilities measured at fair value on a recurring basis at March 31, 2017, or at December 31, 2016.

<u>March 31, 2017</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond mutual funds	\$ 7,420,375	\$ 7,420,375	\$ 0	\$ 0
Certificates of deposit	\$ 3,060,568	\$ 0	\$ 3,060,568	\$ 0
<u>December 31, 2016</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond mutual funds	\$ 7,375,381	\$ 7,375,381	\$ 0	\$ 0
Certificates of deposit	\$ 3,061,434	\$ 0	\$ 3,061,434	\$ 0

Fair Value of Financial Instruments

Fair value estimates are dependent upon subjective assumptions and involve significant uncertainties resulting in variability in estimates with changes in assumptions. The fair value of cash and cash equivalents, accounts receivable and payable, and other short-term monetary assets and liabilities approximate carrying value due to their short-term nature.

The estimated fair values (in thousands) of long-term obligations included in the financial statements at March 31, 2017, are as follows:

	<u>Carrying Value</u>	<u>Fair Value Level 2</u>
Long-term obligations (including current installments)	\$ 488,114	\$ 494,410

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

8. ENVIRONMENTAL MATTERS

The Clean Air Act and Environmental Protection Agency (EPA) regulations under the Clean Air Act establish ambient air quality standards and limit the emission of many air pollutants. New Clean Air Act regulations impacting electric utilities may result from future events or new regulatory programs. On August 3, 2015, the EPA released the final 111(d) regulation language aimed at reducing emissions of carbon dioxide (CO₂) from existing power plants that provide electricity for utility customers. In the final rule, the EPA took the approach of making individual states responsible for the development and implementation of plans to reduce the rate of CO₂ emissions from the power sector. The EPA initially applied the final rule to 47 of the contiguous states. At this time, Alaska, Hawaii, Vermont, Washington District of Columbia (D.C.) and two U.S. territories are not bound by the regulation. Alaska may be required to comply at some future date. On February 9, 2016 the U.S. Supreme Court issued a stay on the proposed EPA 111(d) regulations until the D.C. Circuit decides the case, or until the disposition of a petition to the Supreme Court on the issue. On September 27, 2016, the U.S. Court of Appeals for the D.C. Circuit heard oral arguments challenging the legality of the Clean Power Plan. While awaiting the court decision, an Executive Order promoting energy independence and economic growth was issued March 28, 2017, by the President instructing the EPA to review the Clean Power Plan. The EPA is directed to review the Clean Power Plan rule and either revise or withdraw the proposed rule. The EPA 111(d) regulation, in its current form, is not expected to have a material effect on Chugach's financial condition, results of operations, or cash flows. While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and operating costs. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

Chugach is subject to numerous other environmental statutes including the Clean Water Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Endangered Species Act, and the Comprehensive Environmental Response, Compensation and Liability Act and to the regulations implementing these statutes. Chugach does not believe that compliance with these statutes and regulations to date has had a material impact on its financial condition, results of operation or cash flows. However, the implementation of any additional new law or regulation, or the limitations thereof, or changes in or new interpretations of laws or regulations could result in significant additional capital or operating expenses. Chugach monitors proposed new regulations and existing regulation changes through industry associations and professional organizations.

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

9. COMMITMENTS AND CONTINGENCIES

Contingencies

Chugach is a participant in various legal actions, rate disputes, personnel matters and claims both for and against Chugach's interests. Management believes the outcome of any such matters will not materially impact Chugach's financial condition, results of operations or liquidity. Chugach establishes reserves when a particular contingency is probable and calculable. Chugach has not accrued for any contingency at March 31, 2017, as it does not consider any contingency to be probable nor calculable. Chugach faces contingencies that are reasonably possible to occur; however, they cannot currently be estimated.

Concentrations

Approximately 70 percent of Chugach's employees are members of the IBEW. Chugach has three CBA's with the IBEW. Chugach also has an agreement with the HERE. All three IBEW CBA's have been renewed through June 30, 2021. The HERE contract was renewed through June 30, 2021.

Commitments

Fuel Supply Contracts

Chugach has fuel supply contracts with various producers at market terms. Chugach entered into a gas contract with Hilcorp effective January 1, 2015, to provide gas through March 31, 2018. On September 15, 2014, the RCA approved an amendment to the Hilcorp gas purchase agreement extending gas delivery and subsequently filling 100 percent of Chugach's needs through March 31, 2019. On September 8, 2015, the RCA approved another amendment to the Hilcorp gas purchase agreement extending the term of the agreement, thus filling up to 100 percent of Chugach's needs through March 31, 2023. The total amount of gas under this contract is estimated to be 60 Bcf. All of the production is expected to come from Cook Inlet, Alaska. The terms of the Hilcorp agreement require Chugach to manage the natural gas transportation over the connecting pipeline systems. Chugach has gas transportation agreements with ENSTAR and Hilcorp.

The RCA approved a natural gas supply contract with Marathon Alaska Production, LLC (MAP) effective May 17, 2010. This contract includes two contract extensions that were exercised in 2011. Effective February 1, 2013, this gas purchase agreement was assigned to Hilcorp, who purchased MAP's assets in Cook Inlet. This contract began providing gas April 1, 2011, and will expire March 31, 2023. The total amount of gas under contract is currently estimated up to 49 Bcf. These contracts fill 100% of Chugach's needs through March 31, 2023. All of the production is expected to come from Cook Inlet, Alaska.

On May 1, 2017, the RCA approved the Firm and Interruptible Gas Sale and Purchase Agreement (GSA) between Furie Operating Alaska, LLC (Furie) and Chugach Electric Association, Inc. The

Chugach Electric Association, Inc.
Notes to Consolidated Financial Statements
March 31, 2017 and 2016

GSA provides Chugach with both firm and non-firm gas supplies over a 16-year period, with firm purchases beginning on April 1, 2023, and ending March 31, 2033, and interruptible gas purchases available to Chugach immediately and ending on March 31, 2033. With respect to firm purchases beginning on April 1, 2023, and ending on March 31, 2033, the GSA provides an Annual Gas Commitment by Furie to sell and Chugach to purchase approximately 1.8 Bcf of gas each year, which represents approximately 20% to 25% of Chugach's projected gas requirements during this period. The GSA also provides Chugach with additional purchase options, on a firm and interruptible basis. The initial price for firm gas is \$7.16 per Mcf beginning April 1, 2023 and escalates annually rising to \$7.98 per Mcf on April 1, 2032, the last year of the contract.

BRU Operations

Following the acquisition, Hilcorp temporarily assumed operations under an agreement similar to that previously held by ConocoPhillips Alaska, Inc. (CPAI). A final operator agreement is expected during the second quarter of 2017.

Patronage Capital

Pursuant to agreements reached with HEA and MEA, patronage capital allocated or retired to HEA or MEA is classified as patronage capital payable on Chugach's balance sheet. HEA's patronage capital was \$7.9 million at March 31, 2017, and December 31, 2016. MEA's patronage capital payable was \$4.1 million at March 31, 2017, and December 31, 2016.

Legal Proceedings

Chugach has certain litigation matters and pending claims that arise in the ordinary course of Chugach's business. In the opinion of management, none of these matters, individually or in the aggregate, is or are likely to have a material adverse effect on Chugach's results of operations, financial condition or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to the information contained under the caption "CAUTION REGARDING FORWARD-LOOKING STATEMENTS" at the beginning of this report.

OVERVIEW

Chugach is one of the largest electric utilities in Alaska, engaged in the generation, transmission and distribution of electricity. Chugach is on an interconnected regional electrical system referred to as Alaska's Railbelt, a 400-mile-long area stretching from the coastline of the southern Kenai Peninsula to the interior of the state which includes Alaska's largest cities, Anchorage and Fairbanks.

Chugach directly serves retail customers in the Anchorage and upper Kenai Peninsula areas and supplies much of the power requirements of the City of Seward, as a wholesale customer. Periodically, Chugach sells available generation in excess of its own needs to MEA, HEA, GVEA and to ML&P.

Chugach is an Alaska electric cooperative operating on a not-for-profit basis and is subject to the regulatory authority of the RCA.

Chugach's customers' requirements for capacity and energy generally increase in fall and winter as home heating and lighting needs increase and decline in spring and summer as the weather becomes milder and daylight hours increase.

Chugach Operations

In the near term, Chugach continues to face the challenges of operating in a flat load growth environment and securing additional revenue sources. These challenges, along with energy issues and plans at the state level, will shape how Chugach proceeds into the future.

Railbelt Grid Unification

Chugach is focused on efforts in Alaska's Railbelt to explore the benefits of grid unification. Currently, each of the six electric utilities in the Alaska's Railbelt own a portion of the transmission grid, as does the Alaska Energy Authority (AEA). Chugach is a proponent of following other successful business models to effectively unify the grid. Discussions on the issue led the Alaska State Legislature in 2014 to appropriate \$250,000 to the RCA to explore the issue and report back to legislators. The RCA expects to analyze and review present efforts in order to assess the organizational and governance structure needed for an independent consolidated system operator. Beginning in 2016, progress reports associated with system-wide economic dispatch were required. With the support of the RCA, Chugach and several other Alaska's Railbelt utilities are evaluating possible transmission business model opportunities and associated economic dispatch models that Chugach believes may lead to more optimal Alaska's Railbelt-wide system operations. Chugach intends to finalize this review and evaluation during 2017. While Chugach cannot determine the materiality of any effect on its results of operations, financial condition, and cash flows until a business model and plan are adopted, it anticipates a positive outcome.

Fuel Supply

Chugach actively manages its fuel supply needs and currently has contracts in place to meet up to 100% of its anticipated needs through March of 2023 and approximately 20% to 25% of Chugach's projected gas requirements from April 2023 through March 2033. Chugach continues its efforts to secure long-term reliable gas supply solutions and encourages new development and continued investment in Cook Inlet. The State of Alaska's Department of Natural Resources (DNR) published a study in September 2015, "Updated Engineering Evaluation of Remaining Cook Inlet Gas Reserves," to provide an estimate of Cook Inlet's gas supply. The study estimated there are 1,183 Bcf of proved and probable reserves remaining in Cook Inlet's legacy fields. This is higher than the 2009 DNR study estimate of 1,142 Bcf. Effectively, Cook Inlet gas supply has slightly increased from 2009. The 2015 DNR estimate does not include reserves from a large gas field under development by Furie Operating Alaska, LLC (Furie) and another considered for development by BlueCrest Energy, Inc. Furie has constructed an offshore gas production platform and has begun production. The platform and other production facilities are designed for up to 200 million cubic feet (MMcf) per day. Other gas producers are actively developing gas supplies in the Cook Inlet. Chugach is encouraged with these developments but continues to explore other alternatives to diversify its portfolio.

Chugach also has an interest in the BRU, which provides an additional long-term supply of natural gas to meet on-going generation requirements. Gas associated with the BRU is expected to provide approximately 15% of Chugach's gas requirements through 2033, although actual gas quantities produced are expected to vary on a year-by-year basis. During 2016, 77% of Chugach's generation requirements were met from natural gas, 19% were met from hydroelectric facilities, and 4% were met from wind.

Chugach has a firm gas supply contract with Hilcorp, see "*Item 1 – FINANCIAL STATEMENTS – Note 9 – Commitments and Contingencies – Commitments – Fuel Supply Contracts*". In addition to this firm contract, Chugach has gas supply agreements with AIX Energy LLC through March 31, 2024 (with an option to extend the term an additional 5-year period through March 31, 2029), with Cook Inlet Energy LLC through March 31, 2023 (Chugach has exercised its option to extend the term an additional 5-year period through March 31, 2023), with Furie beginning April 1, 2023 through March 31, 2033, and had an agreement with ML&P which expired March 31, 2017. Collectively, these agreements provide added diversification and optionality for Chugach to minimize costs within its gas supply portfolio.

Renewable Energy Goals

A State of Alaska Energy Policy approved by the legislature in 2010 included legislative intent that the state achieve a 15% increase in energy efficiency on a per capita basis between 2010 and 2020, receive 50% of its electric generation from renewable and alternative energy sources by 2025, work to ensure reliable in-state gas supply for residents of the state, that the state power project fund serve as the main source of state assistance for energy projects, remain a leader in petroleum and natural gas production and become a leader in renewable and alternative energy development. This is an aspirational goal and not a mandate.

The main project moving Alaska toward its renewable energy goals was to be the Susitna-Watana Hydroelectric Project on the Susitna River, approximately halfway between Anchorage and Fairbanks. The Alaska Legislature has appropriated a total of \$192.1 million for AEA to plan, design, and obtain permit of the project. On December 26, 2014, the Governor of Alaska issued Administrative Order 271 suspending discretionary spending on the project. On January 8, 2015, the FERC granted AEA's request to hold the licensing process in abeyance. On July 6, 2015, the Governor's office authorized AEA to proceed with the Integrated Licensing Process using previously appropriated funds. In August 2015, AEA requested the FERC's permission to resume the licensing efforts. As per the Governor's direction on June 29, 2016, AEA has continued to work towards shutting down the project while preserving the State's investment to date. On August 4, 2016, the Governor issued a letter to FERC requesting FERC to proceed with the Integrated Licensing Process (ILP) to the point of issuing its updated Study Plan Determination (SPD) to preserve the State's investment in the project. On August 26, 2016, FERC responded to the Governor's letter. FERC will proceed with the ILP to complete the SPD. After issuing the SPD, the project will be put into abeyance as requested by the Governor. Chugach intends to continue to work with AEA and other parties on this effort.

RESULTS OF OPERATIONS

Current Year Quarter versus Prior Year Quarter

Assignable margins increased \$1.6 million, or 62.1%, during the first quarter of 2017 compared to the first quarter of 2016, primarily due to increased sales revenue.

Operating revenues, which include sales of electric energy to retail, wholesale and economy energy customers and other miscellaneous revenues, increased \$10.6 million, or 21.1%, in the first quarter of 2017 compared to the first quarter of 2016. This increase was primarily due to increased energy sales caused by colder weather, as well as higher economy energy sales to GVEA and HEA.

Retail revenue increased \$5.9 million, or 12.4%, due to increased energy sales, as discussed above, and higher fuel and purchased power costs recovered through the fuel and purchased power adjustment process.

Wholesale revenue increased \$0.2 million, or 16.7%, in the first quarter of 2017 compared to the first quarter of 2016, due to increased energy sales and higher fuel and purchased power costs recovered through the fuel and purchased power adjustment process.

Economy revenue increased \$1.9 million, or 100.0%, in the first quarter of 2017 compared to the first quarter of 2016, due to economy energy sales to GVEA and HEA.

Miscellaneous revenue increased \$2.6 million, or 173.3%, in the first quarter of 2017 compared to the first quarter of 2016, due to an increase in wheeling and BRU revenue.

Based on the results of fixed and variable cost recovery established in Chugach's last rate case, wholesale sales to Seward contributed approximately \$0.4 million and \$0.3 million to Chugach's fixed costs for the quarters ended March 31, 2017 and 2016, respectively.

The following table shows the base rate sales revenue and fuel and purchased power revenue by customer class that is included in revenue for the quarters ended March 31, 2017 and 2016:

	Base Rate Sales Revenue			Fuel and Purchased Power Revenue			Total Revenue		
	2017	2016	% Variance	2017	2016	% Variance	2017	2016	% Variance
Retail									
Residential	\$ 19.3	\$ 17.5	10.3%	\$ 9.4	\$ 7.3	28.8%	\$ 28.7	\$ 24.8	15.7%
Small Commercial	\$ 3.3	\$ 3.1	6.5%	\$ 2.2	\$ 1.7	29.4%	\$ 5.5	\$ 4.8	14.6%
Large Commercial	\$ 10.9	\$ 11.0	(0.9%)	\$ 7.8	\$ 6.4	21.9%	\$ 18.7	\$ 17.4	7.5%
Lighting	\$ 0.4	\$ 0.4	0.0%	\$ 0.1	\$ 0.1	0.0%	\$ 0.5	\$ 0.5	0.0%
Total Retail	\$ 33.9	\$ 32.0	5.9%	\$ 19.5	\$ 15.5	25.8%	\$ 53.4	\$ 47.5	12.4%
Wholesale									
SES	\$ 0.6	\$ 0.5	20.0%	\$ 0.8	\$ 0.7	14.3%	\$ 1.4	\$ 1.2	16.7%
Total Wholesale	\$ 0.6	\$ 0.5	20.0%	\$ 0.8	\$ 0.7	14.3%	\$ 1.4	\$ 1.2	16.7%
Economy	\$ 0.1	\$ 0.0	100%	\$ 1.8	\$ 0.0	100%	\$ 1.9	\$ 0.0	100%
Miscellaneous	\$ 0.6	\$ 0.6	0.0%	\$ 3.5	\$ 0.9	288.9%	\$ 4.1	\$ 1.5	173.3%
Total Revenue	\$ 35.2	\$ 33.1	6.3%	\$ 25.6	\$ 17.1	49.7%	\$ 60.8	\$ 50.2	21.1%

The following table summarizes kWh sales for the quarter ended March 31:

Customer	2017 kWh	2016 kWh
Retail	306,599,162	297,176,263
Wholesale	15,227,089	15,218,221
Economy Energy	16,303,000	0
Total	338,129,251	312,394,484

Base rates charged to retail customers increased 3.2% and 5.2% to Seward in the first quarter of 2017 from the first quarter of 2016. The increases are the result of the net impact associated with final rates from Chugach's June 2014 test year general rate case and Chugach's re-entry into the SRF process.

Total operating expenses increased \$8.9 million, or 20.9%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to higher fuel expense and depreciation and amortization.

Fuel expense increased \$6.8 million, or 49.2%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to more fuel purchased for generation as a result of increased energy sales, and at a higher average effective delivered price. In the first quarter of 2017, Chugach used 2,424,861 Mcf of fuel at an average effective delivered price of \$7.87 per Mcf. In the first quarter of 2016, Chugach used 2,195,688 Mcf of fuel at an average effective delivered price of \$5.82 per Mcf.

Production expense did not materially change in the first quarter of 2017 compared to the first quarter of 2016.

Purchased power expense increased \$0.5 million, or 13.9%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to a higher average effective price. In the first quarter of 2017, Chugach purchased 51,636 megawatt hours (MWh) of energy at an average effective price of 7.31 cents per kWh. In the first quarter of 2016, Chugach purchased 49,271 MWh of energy at an average effective price of 6.88 cents per kWh.

Transmission expense increased \$0.3 million, or 19.8%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to higher costs associated with vegetation control.

Distribution expense decreased \$0.3 million, or 9.1%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to less administrative and general support activity.

Consumer accounts expense did not materially change in the first quarter of 2017 compared to the first quarter of 2016.

Administrative, general and other expense increased \$0.5 million, or 8.2%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to an increase in labor expense, professional services, and software costs.

Depreciation and amortization increased \$1.0 million, or 12.2%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to the acquisition of the Beluga River Unit.

Interest on long-term and other debt and interest charged to construction did not materially change in the first quarter of 2017 compared to the first quarter of 2016.

Non-operating margins increased \$0.1 million, or 72.1%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to the dividends, interest income, and change in market value of marketable securities.

Financial Condition

Assets

Total assets did not materially change from December 31, 2016, to March 31, 2017. Decreases in net utility plant, accounts receivable, and fuel stock were offset by an increase in prepayments over the same period. Net utility plant decreased \$2.2 million, or 0.3%, due to the depreciation expense in excess of extension and replacement of plant. Accounts receivable decreased \$1.6 million, or 4.9%, primarily due to a decrease in energy sales from winter to spring and fuel stock decreased \$1.4 million, or 22.8%, due to the use of fuel from the fuel storage facility. Prepayments increased \$1.8 million, or 129.8%, due to the prepayment of insurance, memberships, consulting, and technical support for 2017.

Liabilities and Equity

Total liabilities, equities and margins did not materially change from December 31, 2016, to March 31, 2017. Decreases in commercial paper, accounts payable, fuel cost over-recovery, and accrued interest were offset by increases in total equities and margins, long-term obligations, and fuel payable over the same period. Commercial paper decreased \$21.0 million, or 30.8%, due primarily to repayments upon the issuance of the 2017 Series A First Mortgage Bonds. Accounts payable decreased \$1.4 million, or 14.3%, due to the timing of cash payments and fuel cost over-recovery decreased \$3.2 million, or 83.0%, due to refunding of the prior quarter's over-collection of fuel and purchased power costs. Accrued interest decreased \$4.8 million, or 81.2%, primarily due to the semi-annual interest payment on the 2011 and 2012 Series A Bonds. Total equities and margins increased \$4.1 million, or 2.2%, primarily due to the margins generated in the three months ended March 31, 2017. Long-term obligations increased \$16.6 million, or 4.1%, due to the issuance of the 2017 Series A First Mortgage Bonds on March 17, 2017, which was somewhat offset by the principal payments on Chugach's existing debt. Fuel payable increased \$3.0 million, or 48.2%, primarily due to an increase in gas purchased for generation in March 2017 compared to December 2016.

LIQUIDITY AND CAPITAL RESOURCES

Summary

Chugach ended the first quarter of 2017 with \$4.4 million of cash and cash equivalents, down from \$4.7 million at December 31, 2016. At March 31, 2017, Chugach also had \$10.5 million in marketable securities and investments - other, which was transferred from cash and cash equivalents in September 2016. Chugach did not utilize its \$50.0 million line of credit maintained with NRUCFC in the three months ended March 31, 2017, therefore, this line of credit had no outstanding balance and the available borrowing capacity under this line was \$50.0 million at March 31, 2017. Chugach paid down commercial paper in the three months ended March 31, 2017 and had \$47.2 million of commercial paper outstanding at March 31, 2017, thus the available borrowing capacity under the commercial paper program at March 31, 2017, was \$102.8 million.

Cash equivalents consist of all highly liquid debt instruments, with a maturity of three months or less when purchased, and a concentration account with First National Bank Alaska (FNBA).

Cash Flows

The following table summarizes Chugach's cash flows from operating, investing and financing activities for the three months ended March 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Total cash provided by (used in):		
Operating activities	\$ 9,947,302	\$ 8,850,273
Investing activities	(7,596,640)	(11,453,675)
Financing activities	(2,608,070)	1,283,389
Decrease in cash and cash equivalents	<u>\$ (257,408)</u>	<u>\$ (1,320,013)</u>

Operating Activities

Cash provided by operating activities was \$9.9 million for the three months ended March 31, 2017, compared with \$8.9 million for the three months ended March 31, 2016. The increase in cash provided by operating activities in the first three months of 2017 from the same period in 2016 was primarily due to an increase in margins as a result of higher energy sales.

Investing Activities

Cash used in investing activities was \$7.6 million for the three months ended March 31, 2017, compared with \$11.5 million for the three months ended March 31, 2016. The change in cash used in investing activities was primarily due to Chugach's investment in the BRU in 2016.

Capital construction through March 31, 2017, was \$7.8 million and is estimated to be \$44.3 million for the full year. Once funding from other sources is collected, the total cash requirement is estimated to be \$29.5 million for 2017. Capital improvement expenditures are expected to increase during the second quarter as the construction season begins.

Financing Activities

Cash used in financing activities was \$2.6 million for the three months ended March 31, 2017, compared to cash provided of \$1.3 million for the three months ended March 31, 2016. The change in cash used in or provided by financing activities was primarily due to the higher balance of commercial paper in 2016, which was used to finance a portion of Chugach's investment in the BRU.

Sources of Liquidity

Chugach satisfies its operational and capital cash requirements through internally generated funds, a \$50.0 million line of credit from NRUCFC and a \$150.0 million commercial paper program. At March 31, 2017, there was no outstanding balance on the NRUCFC line of credit and \$47.2 million of outstanding commercial paper. Therefore, at March 31, 2017, the available borrowing capacity under Chugach's line of credit with NRUCFC was \$50.0 million and the available commercial paper capacity was \$102.8 million.

Commercial paper can be repriced between one day and 270 days. The average commercial paper balance for the three months ended March 31, 2017, was \$62.3 million with a corresponding weighted average interest rate of 0.97%. The maximum amount of outstanding commercial paper for the three months ended March 31, 2017, was \$91.2 million.

The following table provides information regarding monthly average commercial paper balances outstanding (dollars in millions), as well as corresponding monthly weighted average interest rates:

<u>Month</u>	<u>Average Balance</u>	<u>Weighted Average Interest Rate</u>
January 2017	\$ 65.0	0.94
February 2017	\$ 63.0	0.92
March 2017	\$ 60.9	1.04

At March 31, 2017, Chugach had a term loan facility with CoBank. Loans made under these facilities are evidenced by the 2016 CoBank Note, which is governed by the Second and Amended and Restated Master Loan Agreement dated June 30, 2016 and secured by the Indenture.

At March 31, 2017, Chugach had the following outstanding with this facility:

	<u>Principal Balance</u>	<u>Interest Rate at March 31, 2017</u>	<u>Maturity Date</u>	<u>Principal Payment Dates</u>
2016 CoBank Note	\$ 42,864,000	2.58%	2031	2017-2031

Under the Indenture, additional obligations may be sold by Chugach upon the basis of bondable additions and the retirement or defeasance of or principal payments on previously outstanding obligations. Chugach's ability to sell additional debt obligations will be dependent on the market's perception of Chugach's financial condition and Chugach's continuing compliance with financial covenants contained in its debt agreements.

Chugach management continues to expect that cash flows from operations and external funding sources, including additional commercial paper borrowings, will be sufficient to cover operational, financing and capital funding requirements in 2017 and thereafter.

CRITICAL ACCOUNTING POLICIES

As of March 31, 2017, there have been no significant changes in Chugach's critical accounting policies as disclosed in Chugach's 2016 Annual Report on Form 10-K. These policies include electric utility regulation and unbilled revenue.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Information required by this Item is contained in Note 6 to the "Notes to Financial Statements" within Part I, Item 1 of this Form 10-Q.

ENVIRONMENTAL MATTERS

Compliance with Environmental Standards

Chugach's operations are subject to certain federal, state and local environmental laws and regulations, which seek to limit air, water and other pollution and regulate hazardous or toxic waste disposal. While we monitor these laws and regulations to ensure compliance, they frequently change and often become more restrictive. When this occurs, the costs of our compliance generally increase.

We include costs associated with environmental compliance in both our operating and capital budgets. We accrue for costs associated with environmental remediation obligations when those costs are probable and reasonably estimable. We do not anticipate that environmental related expenditures will have a material effect on our results of operations or financial condition. We cannot, however, predict the nature, extent or cost of new laws or regulations relating to environmental matters.

The Clean Air Act and EPA regulations under the Clean Air Act establish ambient air quality standards and limit the emission of many air pollutants. New Clean Air Act regulations impacting electric utilities may result from future events or new regulatory programs. On August 3, 2015, the EPA released the final 111(d) regulation language aimed at reducing emissions of CO₂ from existing power plants that provide electricity for utility customers. In the final rule, the EPA took the approach of making the individual states responsible for the development and implementation of plans to reduce the rate of CO₂ emissions from the power sector. The EPA initially applied the final rule to 47 of the contiguous states. At this time Alaska, Hawaii, Vermont, Washington District of Columbia (D.C.) and two U.S. territories are not bound by the regulation. Alaska may be required to comply at some future date. On February 9, 2016 the U.S. Supreme Court issued a stay on the proposed EPA 111(d) regulations until the D.C. Circuit decides the case, or until the disposition of a petition to the Supreme Court on the issue. On September 27, 2016, the U.S. Court of Appeals for the D.C. Circuit heard oral arguments challenging the legality of the Clean Power Plan. While awaiting the court decision, an Executive Order promoting energy independence and economic growth was issued March 28, 2017, by the President instructing the EPA to review the Clean Power Plan. The EPA is directed to review the Clean Power Plan rule and either revise or withdraw the proposed rule. The EPA 111(d) regulation, in its current form, is not expected to have a material effect on Chugach's financial condition, results of operations, or cash flows. While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and operating costs. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

Chugach is subject to numerous other environmental statutes including the Clean Water Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Endangered Species Act, and the Comprehensive Environmental Response, Compensation and Liability Act and to the regulations implementing these statutes. Chugach does not believe that compliance with these statutes and regulations to date has had a material impact on its financial condition, results of operation or cash flows. However, the implementation of any additional new law or regulation, or the limitations thereof, or changes in or new interpretations of laws or regulations could result in significant additional capital or operating expenses. Chugach monitors proposed new regulations and existing regulation changes through industry associations and professional organizations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Chugach is exposed to a variety of risks. In the normal course of its business, Chugach manages exposure to these risks as described below. Chugach does not engage in trading market risk-sensitive instruments for speculative purposes.

Interest Rate Risk

At March 31, 2017, short- and long- term debt was comprised of the 2011, 2012, and 2017 Series A Bonds, the 2016 CoBank Note and outstanding commercial paper.

The interest rates of the 2011, 2012, and 2017 Series A Bonds, and 2016 CoBank Note are fixed and set forth in the table below with the carrying value and fair value (dollars in thousands) at March 31, 2017.

	<u>Maturing</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Fair Value</u>
2011 Series A, Tranche A	2031	4.20 %	\$ 63,000	\$ 63,113
2011 Series A, Tranche B	2041	4.75 %	148,000	155,224
2012 Series A, Tranche A	2032	4.01 %	56,250	55,668
2012 Series A, Tranche B	2042	4.41 %	88,000	89,679
2012 Series A, Tranche C	2042	4.78 %	50,000	52,998
2017 Series A, Tranche A	2037	3.43 %	40,000	37,641
2016 CoBank Note	2031	2.58 %	42,864	40,087
Total			\$ 488,114	\$ 494,410

Chugach is exposed to market risk from changes in interest rates associated with its credit facility. Chugach's credit facilities' interest rates may be reset due to fluctuations in a market-based index, such as the LIBOR. At March 31, 2017, Chugach had \$47.2 million of commercial paper outstanding. A 100 basis-point rise or decline in interest rates would increase or decrease interest expense by approximately \$0.5 million, based on \$47.2 million of variable rate debt outstanding at March 31, 2017.

Commodity Price Risk

Because fuel and purchased power costs are passed directly to wholesale and retail customers through a fuel and purchased power recovery process, fluctuations in the price paid for gas pursuant to gas supply contracts does not normally impact margins.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

As of the end of the period covered by this report, under the supervision and with the participation of Chugach management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), Chugach conducted an evaluation of the effectiveness of the design and operation of disclosure controls and procedures, as defined in the Securities Exchange Act of 1934 (“Exchange Act”) Rule 13a-15(e). Based on this evaluation, the CEO and CFO each concluded that as of the end of the period covered by this report, disclosure controls and procedures are effective in timely alerting them to material information required to be disclosed in Chugach’s periodic reports to the Securities and Exchange Commission (SEC), ensures that such information is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and such information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in Chugach’s internal controls over financial reporting identified in connection with the evaluation that occurred during the first quarter of 2017 that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information required by this Item is contained in Note 9 to the “Notes to Financial Statements” within Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

Regulatory

Chugach’s billing rates are approved by the RCA. Chugach submitted its December 2016 test year SRF with the RCA on March 1, 2017, as an informational filing with no changes to the demand and energy rates of Chugach retail or Seward. See “*Item 1 FINANCIAL STATEMENTS – Note 4 – Regulatory Matters – Simplified Rate Filing.*”

Financing

On March 17, 2017, Chugach issued \$40,000,000 of First Mortgage Bonds, 2017 Series A, due March 15, 2037. The bonds were issued for general corporate purposes. The 2017 Series A Bonds will mature on March 15, 2037, and bear interest at 3.43%. Interest will be paid each March 15 and September 15, commencing on September 15, 2017. The 2017 Series A Bonds require principal payments in equal installments on an annual basis beginning March 15, 2018, resulting in an average life of approximately 10.0 years. The bonds are secured, ranking equally with all other long-term obligations, by a first lien on substantially all of Chugach's assets, pursuant to the Sixth Supplemental Indenture to the Second Amended and Restated Indenture of Trust, which initially became effective on January 20, 2011, as previously amended and supplemented.

Fuel Supply

In 2016, 77% of our power was generated from natural gas. Our primary sources of natural gas in 2016 were Hilcorp, ConocoPhillips, ML&P, and Chugach's 10% share of the Beluga River Unit. Chugach currently has gas contracts in place to fill up to 100% of Chugach's needs through March 31, 2023.

On May 1, 2017, the RCA approved the Firm and Interruptible Gas Sale and Purchase Agreement (GSA) between Furie Operating Alaska, LLC (Furie) and Chugach Electric Association, Inc. The GSA provides Chugach with both firm and non-firm gas supplies over a 16-year period, with firm purchases beginning on April 1, 2023, and ending March 31, 2033, and interruptible gas purchases available to Chugach immediately and ending on March 31, 2033. With respect to firm purchases beginning on April 1, 2023, and ending on March 31, 2033, the GSA provides an Annual Gas Commitment by Furie to sell and Chugach to purchase approximately 1.8 Bcf of gas each year, which represents approximately 20% to 25% of Chugach's projected gas requirements during this period. The GSA also provides Chugach with additional purchase options, on a firm and interruptible basis. The initial price for firm gas is \$7.16 per Mcf beginning April 1, 2023 and escalates annually rising to \$7.98 per Mcf on April 1, 2032, the last year of the contract.

Chugach also has agreements with Cook Inlet Energy (CIE) and AIX Energy, LLC, which provide a structure to purchase supplemental gas, adding diversity in Chugach's sources of natural gas to meet system load requirements.

Green House Gas Regulations, Carbon Emission and Climate Change

Uncertainty remains regarding the impacts of potential regulations regarding greenhouse gases (GHG), carbon emissions, and climate change on Chugach's operations. The EPA is moving forward with regulations that seek to limit carbon emissions in the United States. Power plants are the single largest source of carbon emissions in the United States. On August 3, 2015, the EPA released the final 111(d) regulation aimed at reducing emissions of carbon dioxide (CO₂) from existing power plants. Alaska is not bound by the 111(d) regulation, however Alaska may be required to comply at some future date. On February 9, 2016, the U.S. Supreme Court issued a stay on the proposed EPA 111(d) regulations until the DC Circuit decides the case, or until the disposition of a petition to the Supreme Court on the issue. On September 27, 2016, the US

Court of Appeals for the District of Columbia Circuit heard oral arguments challenging the legality of the Clean Power Plan. While awaiting the court decision, an Executive Order promoting energy independence and economic growth was issued on March 28, 2017, by the President instructing the EPA to review the Clean Power Plan. The EPA is directed to review the Clean Power Plan rule and either revise or withdraw the proposed rule. The EPA 111(d) regulation, in its current form, is not expected to have a material effect on Chugach's financial condition, results of operations, or cash flows.

Additional costs related to a GHG tax or cap and trade program, if enacted by Congress, or other regulatory action, could affect the relative cost of the energy Chugach produces. While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and operating costs. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

For information regarding additional risk factors, refer to Item 1A of Chugach's Annual Report on Form 10-K for the year ended December 31, 2016. Except as noted above, these risk factors have not materially changed as of March 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Sixth Supplemental Indenture to the Second Amended and Restated Indenture of Trust between the Registrant and U.S. Bank National Association dated March 17, 2017

Bond Purchase Agreement between the Registrant and the 2017 Series A Bond Purchasers dated March 17, 2017

Form of 2017 Series A Bond (Tranche A) due March 15, 2037

Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Office and Engineering Bargaining Unit dated effective July 1, 2017

Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Generation Bargaining Unit dated effective July 1, 2017

Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Outside Plant Bargaining Unit dated effective July 1, 2017

Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

XBRL Instance Document

XBRL Taxonomy Extension Schema Document

XBRL Taxonomy Extension Calculation Linkbase Document

XBRL Taxonomy Extension Label Linkbase Document

XBRL Taxonomy Extension Presentation Linkbase Document

XBRL Taxonomy Extension Definition Linkbase Document

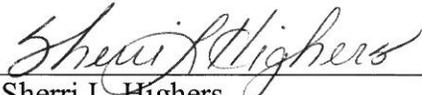
SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned thereunto duly authorized.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: 

Lee D. Thibert
Chief Executive Officer

By: 

Sherri L. Highers
Chief Financial Officer

Date: May 12, 2017

EXHIBITS

Listed below are the exhibits, which are filed as part of this Report:

<u>Exhibit Number</u>	<u>Description</u>
4.31	Sixth Supplemental Indenture to the Second Amended and Restated Indenture of Trust between the Registrant and U.S. Bank National Association dated March 17, 2017
4.32	Bond Purchase Agreement between the Registrant and the 2017 Series A Bond Purchasers dated March 17, 2017
4.33	Form of 2017 Series A Bond (Tranche A) due March 15, 2037
10.59.3	Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Office and Engineering Bargaining Unit dated effective July 1, 2017
10.60.4	Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Generation Bargaining Unit dated effective July 1, 2017
10.61.3	Letter of Agreement By and Between the Registrant and the International Brotherhood of Electrical Workers Local 1547 Representing Outside Plant Bargaining Unit dated effective July 1, 2017
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

After Recording Return to:
Davis Wright Tremaine, LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101
Attention: Donald E. Percival

SIXTH SUPPLEMENTAL INDENTURE
(to that certain Second Amended and Restated Indenture of Trust,
dated as of January 20, 2011, as amended)

Dated as of March 17, 2017

BETWEEN

CHUGACH ELECTRIC ASSOCIATION, INC.,
5601 Electron Drive, Anchorage, Alaska 99519,

TRUSTOR

AND

U.S. BANK NATIONAL ASSOCIATION,
1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101
Attn: Corporate Trust Services,

TRUSTEE

FIRST MORTGAGE OBLIGATIONS

THIS INSTRUMENT CONSTITUTES A DEED OF TRUST, SECURITY
AGREEMENT AND FIXTURE FILING COVERING REAL AND PERSONAL
PROPERTY (INCLUDING AFTER-ACQUIRED PROPERTY) OF A
TRANSMITTING UTILITY, AND CONTAINS A FUTURE ADVANCE
PROVISION

THIS SIXTH SUPPLEMENTAL INDENTURE OF TRUST (hereinafter called this “Sixth Supplemental Indenture”), dated as of March 17, 2017, is between **CHUGACH ELECTRIC ASSOCIATION, INC.**, an Alaska electric cooperative, as Trustor (hereinafter called the “Company”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, as Trustee (hereinafter called the “Trustee”).

RECITALS OF THE COMPANY

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Second Amended and Restated Indenture of Trust, dated as of January 20, 2011, as amended by the First Supplemental Indenture dated as of January 20, 2011, Second Supplemental Indenture dated as of September 30, 2011, Third Supplemental Indenture dated as of January 5, 2012, Fourth Supplemental Indenture dated as of February 3, 2015, and Fifth Supplemental Indenture dated as of June 30, 2016, (as so amended, the “*Original Indenture*,” which is filed of record as shown on Exhibit A hereto), for the purpose of providing for the authentication and delivery of Obligations by the Trustee from time to time under the Original Indenture. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Original Indenture. The Original Indenture, as heretofore, hereby and hereafter supplemented, may herein be referred to as the “Indenture”;

WHEREAS, the Board of Directors of the Company has authorized and approved actions necessary for the Company to establish a new series of Obligations to be designated the First Mortgage Bonds, 2017 Series A, which, as provided herein, shall consist of an aggregate principal amount of Forty Million Dollars (\$40,000,000) due March 15, 2037 (the “2017 Series A Bonds”); such 2017 Series A Bonds being issued pursuant to this Sixth Supplemental Indenture to the parties set forth in Schedule A of the 2017 Bond Purchase Agreement described below (and their successors or assigns of the 2017 Series A Bonds, each individually, a “2017 Series A Holder” or collectively, the “2017 Series A Holders”) to secure the Company’s obligations under the 2017 Bond Purchase Agreement, dated as of March 17, 2017, between the Company and the original 2017 Series A Holders (the “2017 Bond Purchase Agreement”), and the Company has complied or will comply with all provisions required to issue Obligations provided for in the Indenture;

WHEREAS, the Company desires to execute and deliver this Sixth Supplemental Indenture, in accordance with the provisions of the Indenture, for the purpose of providing for the creation and designation of the 2017 Series A Bonds as Obligations and specifying the form and provisions of the 2017 Series A Bonds;

WHEREAS, Section 13.1 of the Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into supplemental indentures for the

purposes of and subject to the conditions set forth in such Section 13.1, and this Sixth Supplemental Indenture is permitted pursuant to provisions of Section 13.1(c);

WHEREAS, Section 5.3 of the Indenture provides that the Company may enter into this Sixth Supplemental Indenture when authorized by a Board Resolution, and the Trustee shall authenticate and deliver the 2017 Series A Bonds upon delivery of a Company Request as provided under the Indenture and satisfaction of all other conditions precedent thereto under the Indenture; and

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on the 2017 Series A Bonds, to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, and to constitute under the Indenture a valid and binding lien for the security of the 2017 Series A Bonds, in accordance with its terms, have been done and taken, and the execution and delivery of this Sixth Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the 2017 Series A Bonds, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to confirm the terms and conditions on which the 2017 Series A Bonds are secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, and its successors and assigns in the trust created thereby and hereby, in trust, all property, rights, privileges and franchises (other than Excepted Property and Excludable Property) of the Company, whether now owned or hereafter acquired, of the character described in the Granting Clauses of the Indenture, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture, including, without limitation, all of those fee and leasehold interests in real property, if any, which may hereafter be constructed or acquired by it, but subject to all exceptions, reservations and matters of the character therein referred to, and expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as “Excepted Property” or “Excludable Property” in the Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 10.14 of the Indenture or any receiver appointed pursuant to statutory provision or

order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in paragraphs (a) through (g), inclusive, of “Excepted Property” in the Indenture then owned or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in paragraphs (h) through (k), inclusive, of “Excepted Property” in the Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

The Company may, however, pursuant to Granting Clause Third of the Indenture, subject to the lien of the Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

TO HAVE AND TO HOLD all said property, rights, privileges and franchises hereby and hereafter (by a Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Encumbrances, (ii) to the extent permitted by Section 14.6 of the Indenture, as to property hereafter acquired, (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company, and (b) purchase money mortgages, other purchase money liens, chattel mortgages, security agreements, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof, and (iii) defects of title to and encumbrances on property as shown on Exhibit A of the Indenture and existing on the date hereof.

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any such Obligation over any other such Obligation and for the enforcement of the payment of such Obligations in accordance with their terms.

UPON CONDITION that, until the happening of an Event of Default and subject to the provisions of Article 6 of the Indenture and not in limitation of the rights elsewhere provided in the Indenture, the Company shall be permitted and have the right to possess, use, operate and enjoy the Trust Estate, except cash, securities and other personal property deposited, or required to be deposited, with the Trustee and to, explore for, mine, extract, produce and dispose of coal, ore, gas, oil and other minerals or natural resources, to harvest standing timber and to collect, receive and use the rents, issues, profits, revenues and other income, products and proceeds of the Trust Estate or the operation of the property constituting part of the Trust Estate.

AND IT IS HEREBY COVENANTED AND DECLARED that the 2017 Series A Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

All words and phrases defined in the Indenture shall have the same meaning in this Sixth Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein and in this Article or unless the context clearly requires otherwise. In addition, the following terms have the following meaning in this Sixth Supplemental Indenture unless the context clearly requires otherwise.

“Business Day” means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York, Seattle, Washington, or the city in which the principal corporate trust office of the Trustee is located are required or authorized to be closed.

“Closing Date” means March 17, 2017.

“Default Rate” means with respect to any 2017 Series A Bond, that rate of interest that is the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of such 2017 Series A Bond or (ii) 2% over the rate of interest publicly announced by Bank of America, N.A. in New York, New York or its successor, as its “prime” rate.

“*Make-Whole Amount*” is defined in Section 2.9.

ARTICLE II

THE 2017 SERIES A BONDS AND CERTAIN PROVISIONS RELATING THERETO

Section 2.1 Authentication and Terms of the 2017 Series A Bonds. Pursuant to the provisions of Article 5 of the Indenture, there has been established a series of Obligations known as and entitled the “First Mortgage Bonds, 2017 Series A.”

The aggregate principal amount of the 2017 Series A Bonds which may be authenticated and delivered and Outstanding at any one time is limited to Forty Million Dollars (\$40,000,000.00) due March 15, 2037. The 2017 Series A Bonds shall originally be registered in the names of the 2017 Series A Holders, and shall be dated the date of authentication.

The 2017 Series A Bonds due March 15, 2037 shall bear interest from their date of issuance, payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2017, at the rate of 3.43%. The Regular Record Date for the payment of interest on the 2017 Series A Bonds on any Interest Payment Date shall be the last day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date. Interest on the 2017 Series A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal of, premium (including the Make-Whole Amount), if any, and interest on the 2017 Series A Bonds shall be paid to the 2017 Series A Holders thereof in immediately available funds as described in such Bonds. Any payment of principal of or premium (including the Make-Whole Amount, if any) or interest on any 2017 Series A Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any 2017 Series A Bond is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

If the Company fails to make any payment with respect to the 2017 Series A Bonds when due, then such payment shall be due and payable on demand, and shall accrue interest from the date due until the date paid at the Default Rate.

Section 2.2 Form of the 2017 Series A Bonds. The 2017 Series A Bonds shall each be a bond substantially in the form of Exhibit B hereto, and the Trustee's authentication certificate to be executed on the 2017 Series A Bonds shall be substantially in the form attached thereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Indenture.

Section 2.3 Required Prepayments. On March 15, 2018 and on each March 15th thereafter to and including March 15, 2037, the Company will prepay a portion of the aggregate principal amount of the 2017 Series A Bonds due March 15, 2037 at par and without payment of any premium (including the Make-Whole Amount), provided that upon any partial prepayment of such 2017 Series A Bonds pursuant to Section 2.4 or partial purchase of such 2017 Series A Bonds permitted by Section 2.8, the principal amount of each required prepayment of such 2017 Series A Bonds becoming due under this Section 2.3 on and after the date of such prepayment or purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of such 2017 Series A Bonds is reduced as a result of such prepayment or purchase. The aggregate principal amount of the 2017 Series A Bonds due March 15, 2037 to be prepaid and the dates of such prepayments, as well as the principal amount payable on the maturity date, are set forth below:

<u>Date</u>	<u>Amount</u>
March 15, 2018	\$2,000,000
March 15, 2019	\$2,000,000
March 15, 2020	\$2,000,000
March 15, 2021	\$2,000,000
March 15, 2022	\$2,000,000
March 15, 2023	\$2,000,000
March 15, 2024	\$2,000,000
March 15, 2025	\$2,000,000
March 15, 2026	\$2,000,000
March 15, 2027	\$2,000,000
March 15, 2028	\$2,000,000
March 15, 2029	\$2,000,000
March 15, 2030	\$2,000,000
March 15, 2031	\$2,000,000
March 15, 2032	\$2,000,000
March 15, 2033	\$2,000,000
March 15, 2034	\$2,000,000
March 15, 2035	\$2,000,000
March 15, 2036	\$2,000,000
March 15, 2037 ⁽¹⁾	\$2,000,000

⁽¹⁾ The final maturity date of such 2017 Series A

Bonds.

Section 2.4 Optional Prepayments and Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the 2017 Series A Bonds, in an amount not less than 3% of the aggregate principal amount of the 2017 Series A Bonds then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each 2017 Series A Holder written notice of each optional prepayment under this Section 2.4 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the 2017 Series A Bonds to be prepaid on such date, the principal amount of each 2017 Series A Bond held by such 2017 Series A Holder to be prepaid (determined in accordance with Section 2.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by an Officer's Certificate as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each 2017 Series A Holder an Officer's Certificate specifying the calculation of such Make-Whole Amount as of the specified prepayment date. The Company shall contemporaneously deliver a copy of such notice and Officer's Certificate to the Trustee.

Section 2.5 Allocation of Partial Prepayments. In the case of each partial prepayment of the 2017 Series A Bonds, the principal amount of the 2017 Series A Bonds to be prepaid shall be allocated among all of the 2017 Series A Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for payment.

Section 2.6 Payment of Make-Whole Amount Upon Acceleration. Upon the occurrence of an Event of Default, if the outstanding principal amount of the 2017 Series A Bonds shall have been declared or otherwise become due and payable immediately pursuant to and in accordance with the Indenture then, in addition to paying each 2017 Series A Holder the entire unpaid principal amount of its 2017 Series A Bonds and all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate), the Company shall calculate and pay to each 2017 Series A Holder (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount. The Company acknowledges that each 2017 Series A Holder has the right to maintain its investment in the 2017 Series A Bonds free from repayment by the Company (except as herein and in the Indenture specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the 2017 Series A Bonds are prepaid or are accelerated as a

result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 2.7 Maturity; Surrender, Etc. In the case of each prepayment of 2017 Series A Bonds pursuant to this Article II, the principal amount of each 2017 Series A Bond to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any 2017 Series A Bond paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no 2017 Series A Bond shall be issued in lieu of any prepaid principal amount of any 2017 Series A Bond.

Section 2.8 Purchase of 2017 Series A Bonds. The Company will not, and will not permit any Affiliate to, purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding 2017 Series A Bonds except (a) upon the payment or prepayment of the 2017 Series A Bonds in accordance with the terms of the Indenture and the 2017 Series A Bonds or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the Holders of all 2017 Series A Bonds at the time outstanding upon the same terms and conditions. Any such offer shall provide each 2017 Series A Holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 30 Business Days. If the Holders of more than 51% of the principal amount of the 2017 Series A Bonds then outstanding accept such offer, the Company shall promptly notify the remaining 2017 Series A Holders of such fact and the expiration date for the acceptance by 2017 Series A Holders of such offer shall be extended by the number of days necessary to give each such remaining 2017 Series A Holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all 2017 Series A Bonds acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of 2017 Series A Bonds pursuant to any provision of this Sixth Supplemental Indenture and no 2017 Series A Bonds may be issued in substitution or exchange for any such 2017 Series A Bonds.

Section 2.9 Make Whole Amount.

“*Make-Whole Amount*” means, with respect to any 2017 Series A Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such 2017 Series A Bond over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any 2017 Series A Bond, the following terms have the following meanings:

“*Called Principal*” means, with respect to any 2017 Series A Bond, the principal of such 2017 Series A Bond that is to be prepaid pursuant to Section 2.4 or has become or is declared to be immediately due and payable pursuant to the Indenture, as the context requires.

“*Discounted Value*” means, with respect to the Called Principal of any 2017 Series A Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the 2017 Series A Bonds is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“*Reinvestment Yield*” means, with respect to the Called Principal of any 2017 Series A Bond, the sum of 0.50% plus the yield to maturity implied by (i) the yields reported as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable actively traded U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable actively traded U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable 2017 Series A Bond.

“*Remaining Average Life*” means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal

component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any 2017 Series A Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the 2017 Series A Bonds, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 2.4 above.

“Settlement Date” means, with respect to the Called Principal of any 2017 Series A Bond, the date on which such Called Principal is to be prepaid pursuant to Section 2.4 or has become or is declared to be immediately due and payable pursuant to the Indenture, as the context requires.

Section 2.10 Use of Proceeds. The Company shall use the proceeds of the loan evidenced by the 2017 Series A Bonds to repay indebtedness and for general corporate purposes.

ARTICLE III

OUTSTANDING SECURED OBLIGATIONS

Section 3.1 Principal Amount Presently To Be Outstanding. The Obligations Outstanding under the Indenture as of the date hereof consists of: \$221,666,665 aggregate principal amount of First Mortgage Bonds, 2011 Series A; \$205,000,000 aggregate principal amount of First Mortgage Bonds, 2012 Series A; \$43,776,000 aggregate principal amount of 2016 CoBank Note; and \$40,000,000 aggregate principal amount of First Mortgage Bonds, 2017 Series A to be issued pursuant to this Sixth Supplemental Indenture upon compliance by the Company with the provisions of Sections 5.1 and 5.3 of the Indenture.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Supplemental Indenture. This Sixth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Indenture, and shall form a part thereof, and the Indenture, as hereby supplemented, modified, and amended, is

hereby confirmed. Except to the extent inconsistent with the express terms of this Sixth Supplemental Indenture and the 2017 Series A Bonds, all of the provisions, terms, covenants and conditions of the Indenture shall be applicable to the 2017 Series A Bonds to the same extent as if specifically set forth herein.

Section 4.2 Trustee Obligations Under the 2017 Bond Purchase Agreement. The Trustee is not a party to the 2017 Bond Purchase Agreement and all obligations of the Trustee relating to the 2017 Series A Bonds are set forth in the Indenture, including this Sixth Supplemental Indenture.

Section 4.3 Recitals. All recitals in this Sixth Supplemental Indenture are made by the Company only and not by the Trustee and are incorporated herein; and all of the provisions contained in the Original Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full.

Section 4.4 Successors and Assigns. Whenever in this Sixth Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles 10 and 12 of the Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements contained in this Sixth Supplemental Indenture by or on behalf of the Company, or by or on behalf of the Trustee, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

Section 4.5 No Rights, Remedies, Etc. Nothing in this Sixth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Sixth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Sixth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

Section 4.6 Severability. Any provision of this Sixth Supplemental Indenture held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 4.7 Governing Law. This Sixth Supplemental Indenture shall be construed in accordance with and governed by the law of the State of Alaska.

Section 4.8 Counterparts. This Sixth Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 4.9 Security Agreement; Mailing Address. To the extent permitted by applicable law, this Sixth Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code.

The mailing address of the Company, as debtor, is:

Chugach Electric Association, Inc.
5601 Electron Drive
Anchorage, Alaska 99519

and the mailing address of the Trustee, as secured party, is:

U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Services

Additionally, this Sixth Supplemental Indenture shall, if appropriate, be an amendment to the financing documents previously filed in connection with the Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created.

[Remainder of page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture of Trust to be duly executed as of the day and year first above written.

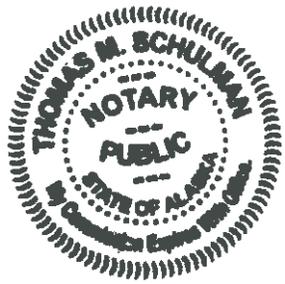
CHUGACH ELECTRIC ASSOCIATION, INC.,
an Alaska electric cooperative

By: *Sherri L. Highers*
Name: Sherri L. Highers
Title: Chief Financial Officer and Vice President,
Finance and Administration

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On this 14th day of March, 2017, before me, a Notary Public in and for the State of Alaska, personally appeared Sherri L. Highers, to me known to be the Chief Financial Officer and Vice President, Finance and Administration of CHUGACH ELECTRIC ASSOCIATION, INC., the electric cooperative that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said electric cooperative for the uses and purposes therein mentioned and on oath stated that s/he was authorized to execute said instrument on behalf of said electric cooperative.

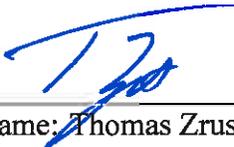
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Thomas M. Schulman
Print name: Thomas M. Schulman
Notary Public in and for the State of Alaska,
residing at Anchorage
My commission expires: October 10, 2019

U.S. BANK NATIONAL ASSOCIATION,
a national banking association,
as Trustee

By: _____


Name: Thomas Zrust
Title: Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 13th day of March, 2017, before me, a Notary Public in and for the State of Washington, personally appeared Thomas Zrust, to me known to be the Vice President of U.S. BANK NATIONAL ASSOCIATION, the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said national banking association for the uses and purposes therein mentioned and on oath stated that s/he was authorized to execute said instrument on behalf of said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

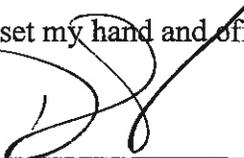

Print name: Daniel Valerio
Notary Public in and for the State of Washington, residing
at Seattle
My commission expires: 4/17/19



EXHIBIT A

SCHEDULE OF RECORDING INFORMATION

Document	Recording District	Recording Date.	Recording No.
Indenture of Trust	Anchorage Kenai Palmer Seward	September 25, 1991 September 25, 1991 September 25, 1991 September 25, 1991	Book 2195, Page 178 Book 389, Page 637 Book 663, Page 167 Book 62, Page 351
Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	January 20, 2011 January 20, 2011 January 20, 2011 January 20, 2011	2011-003688-0 2011-000608-0 2011-001410-0 2011-000062-0
First Supplemental Indenture to Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	January 20, 2011 January 20, 2011 January 20, 2011 January 20, 2011	2011-003689-0 2011-000609-0 2011-001411-0 2011-000063-0
Second Supplemental Indenture to Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	October 10, 2011 October 10, 2011 October 10, 2011 October 10, 2011	2011-048750-0 2011-009565-0 2011-019671-0 2011-001198-0
Third Supplemental Indenture to Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	January 10, 2012 January 10, 2012 January 10, 2012 January 10, 2012	2012-001554-0 2012-000310-0 2012-000586-0 2012-000029-0
Fourth Supplemental Indenture to Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	February 9, 2015 February 9, 2015 February 9, 2015 February 9, 2015	2015-005159-0 2015-000906-0 2015-002154-0 2015-000090-0
Fifth Supplemental Indenture to Second Amended and Restated Indenture of Trust	Anchorage Kenai Palmer Seward	June 29, 2016 June 29, 2016 June 29, 2016 June 29, 2016	2016-026065-0 2016-005600-0 2016-013143-0 2016-000626-0

EXHIBIT B

FORM OF 2017 SERIES A BONDS

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO.
\$**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the “*Company*”), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] Dollars (or so much thereof as shall not have been prepaid) on [_____], with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below),

payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

“*Interest Rate Adjustment Event*” means the occurrence of any of the following:

(a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the “*Bonds*”) issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the “*Sixth Supplemental Indenture*”), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the “*Indenture*”) and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the “*Bond Purchase Agreement*”). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal

office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

**CHUGACH ELECTRIC ASSOCIATION,
INC.**

By: _____
Name:
Title:

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

Date of Authentication: March 17, 2017

CHUGACH ELECTRIC ASSOCIATION, INC.

\$40,000,000 3.43% FIRST MORTGAGE BONDS, 2017 SERIES A,
DUE MARCH 15, 2037

—————
BOND PURCHASE AGREEMENT
—————

DATED MARCH 17, 2017

TABLE OF CONTENTS

SECTION	HEADING	PAGE
SECTION 1.	AUTHORIZATION OF 2017 SERIES A BONDS	1
SECTION 2.	SALE AND PURCHASE OF 2017 SERIES A BONDS	2
SECTION 3.	CLOSING	2
SECTION 4.	CONDITIONS TO CLOSING.....	2
Section 4.1.	Representations and Warranties.....	2
Section 4.2.	Performance; No Default	3
Section 4.3.	Compliance Certificates.....	3
Section 4.4.	Opinions of Counsel	3
Section 4.5.	Purchase Permitted by Applicable Law	3
Section 4.6.	Sale of Other Bonds	4
Section 4.7.	Payment of Special Counsel Fees	4
Section 4.8.	Private Placement Number	4
Section 4.9.	Changes in Corporate Structure	4
Section 4.10.	Funding Instructions	4
Section 4.11.	Recording and Filing of the Supplemental Indentures	4
Section 4.12.	Proceedings and Documents	4
Section 4.13.	Documents Required by Indenture; Basis for Authentication	5
Section 4.14.	Regulatory Approval.....	5
Section 4.15.	Consents Under Existing Debt Agreements	5
Section 4.16.	Acceptance of Appointment to Receive Service of Process.....	5
SECTION 5.	REPRESENTATIONS AND WARRANTIES OF THE COMPANY.....	5
Section 5.1.	Organization; Power and Authority	5
Section 5.2.	Authorization	6
Section 5.3.	Disclosure	6
Section 5.4.	Organization and Ownership of Shares of Subsidiaries	6
Section 5.5.	Financial Statements; Material Liabilities	6
Section 5.6.	Compliance with Laws, Other Instruments	6
Section 5.7.	Governmental Authorizations	7
Section 5.8.	Litigation; Observance of Statutes and Orders	7
Section 5.9.	Taxes	7
Section 5.10.	Title to Property; Leases	7
Section 5.11.	Licenses, Permits, Etc	7
Section 5.12.	Compliance with ERISA.....	7
Section 5.13.	Private Offering by the Company	8
Section 5.14.	Use of Proceeds; Margin Regulations.....	9
Section 5.15.	Existing Indebtedness	9
Section 5.16.	Foreign Assets Control Regulations	9

Section 5.17.	Status under Certain Statutes	10
Section 5.18.	Lien of Indenture.....	10
Section 5.19.	Filings	11
SECTION 6.	REPRESENTATIONS OF THE PURCHASERS	11
Section 6.1.	Purchase for Investment.....	11
Section 6.2.	Source of Funds	12
SECTION 7.	INFORMATION AS TO COMPANY	13
Section 7.1.	Financial and Business Information.....	13
Section 7.2.	Officer’s Certificate	16
Section 7.3.	Visitation.....	17
SECTION 8.	AFFIRMATIVE COVENANTS	17
Section 8.1.	Compliance with Law	17
Section 8.2.	Insurance	17
Section 8.3.	Maintenance of Properties	18
Section 8.4.	Payment of Taxes.....	18
Section 8.5.	Corporate Existence	18
Section 8.6.	Books and Records	18
SECTION 9.	NEGATIVE COVENANTS	18
Section 9.1.	Transactions with Affiliates	18
Section 9.2.	Line of Business.....	19
Section 9.3.	Terrorism Sanctions Regulations	19
SECTION 10.	REGISTRATION; EXCHANGE; SUBSTITUTION OF 2017 SERIES A BONDS.....	19
SECTION 11.	PAYMENTS ON 2017 SERIES A BONDS	19
SECTION 12.	EXPENSES	19
Section 12.1.	Transaction Expenses.....	19
Section 12.2.	Survival	20
SECTION 13.	SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT	20
SECTION 14.	AMENDMENT AND WAIVER	20
Section 14.1.	Requirements	20
Section 14.2.	Solicitation of Holders of 2017 Series A Bonds	21
Section 14.3.	Binding Effect	21
Section 14.4.	2017 Series A Bonds Held by Company	22
SECTION 15.	NOTICES.....	22

SECTION 16.	INDEMNIFICATION	22
SECTION 17.	REPRODUCTION OF DOCUMENTS.....	23
SECTION 18.	CONFIDENTIAL INFORMATION	23
SECTION 19.	SUBSTITUTION OF PURCHASER.....	24
SECTION 20.	MISCELLANEOUS	24
Section 20.1.	Successors and Assigns.....	24
Section 20.2.	Payments Due on Non-Business Days.....	24
Section 20.3.	Accounting Terms.....	25
Section 20.4.	Severability	25
Section 20.5.	Construction	25
Section 20.6.	Counterparts	25
Section 20.7.	Governing Law	25
Section 20.8.	Jurisdiction and Process; Waiver of Jury Trial	25

SCHEDULE A	—	Information Relating to Purchasers
SCHEDULE B	—	Defined Terms
SCHEDULE 4.11	—	Collateral Filings
SCHEDULE 5.3	—	Disclosure Documents
SCHEDULE 5.5	—	Financial Statements
SCHEDULE 5.7	—	Governmental Authorizations
SCHEDULE 5.15(a)	—	Existing Indebtedness
SCHEDULE 5.15(b)	—	Restrictions on Indebtedness
SCHEDULE 5.18(d)	—	Excludable Property
EXHIBIT A	—	Sixth Supplemental Indenture
EXHIBIT 4.4(a)(i)	—	Form of Opinion of Alaska Counsel to the Company
EXHIBIT 4.4(a)(ii)	—	Form of Opinion of Special Counsel to the Company
EXHIBIT 4.4(b)	—	Form of Opinion of Special Counsel to the Purchasers

CHUGACH ELECTRIC ASSOCIATION, INC.
5601 ELECTRON DRIVE
ANCHORAGE, ALASKA 99518

\$40,000,000

\$40,000,000 3.43% FIRST MORTGAGE BONDS, 2017 SERIES A,
DUE MARCH 15, 2037

March 17, 2017

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE A HERETO:

Ladies and Gentlemen:

CHUGACH ELECTRIC ASSOCIATION, INC., an Alaska electric cooperative (the “*Company*”), agrees with each of the purchasers whose names appear at the end hereof (each, a “*Purchaser*” and, collectively, the “*Purchasers*”) as follows:

SECTION 1. AUTHORIZATION OF 2017 SERIES A BONDS.

The Company will authorize the issue and sale of \$40,000,000 aggregate principal amount of its 3.43% First Mortgage Bonds, 2017 Series A due March 15, 2037 (the “*2017 Series A Bonds*”). The 2017 Series A Bonds will be issued under and secured by the Second Amended and Restated Indenture of Trust dated as of January 20, 2011 (the “*Second Amended and Restated Indenture of Trust*”), between the Company and U.S. Bank National Association, as Trustee (the “*Trustee*”), as previously amended and supplemented by that First Supplemental Indenture dated as of January 20, 2011 (the “*First Supplemental Indenture*”), Second Supplemental Indenture dated as of September 30, 2011 (the “*Second Supplemental Indenture*”), Third Supplemental Indenture dated as of January 5, 2012 (the “*Third Supplemental Indenture*”), Fourth Supplemental Indenture dated as of February 3, 2015 (the “*Fourth Supplemental Indenture*”), and Fifth Supplemental Indenture dated as of June 30, 2016 (the “*Fifth Supplemental Indenture*”), which Second Amended and Restated Indenture of Trust, as so previously amended and supplemented, shall be further amended and supplemented by a Sixth Supplemental Indenture that will be substantially in the form attached hereto as Exhibit A, with such changes therein, if any, as shall be approved by the Purchasers and the Company (the “*Sixth Supplemental Indenture*”). The Second Amended and Restated Indenture of Trust, as previously amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, and as further amended and supplemented from time to time, including by the Sixth Supplemental Indenture, is hereinafter referred to as the “*Indenture*.”

Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a “*Schedule*” or an “*Exhibit*” are, unless otherwise specified, to a Schedule or

an Exhibit attached to this Agreement. Terms used herein but not defined herein shall have the meanings set forth in the Indenture.

SECTION 2. SALE AND PURCHASE OF 2017 SERIES A BONDS.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, 2017 Series A Bonds and in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the 2017 Series A Bonds to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe, Chicago, IL, at 10:00 a.m., Chicago time, at a closing (the "*Closing*") on March 17, 2017, or on such other Business Day thereafter on or prior to March 31, 2017 as may be agreed upon by the Company and the Purchasers. At the Closing the Company will deliver to each Purchaser the 2017 Series A Bonds to be purchased by such Purchaser in the form of a single 2017 Series A Bond (in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to First National Bank of Alaska, Anchorage, Alaska ABA# 125200060, Credit: Chugach Electric Association, Inc., Acct# 1104751, Reference: [Bondholder Name]. If at the Closing the Company shall fail to tender such 2017 Series A Bonds to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment. The Company's obligation to issue and sell to each Purchaser the Bonds to be sold to such Purchaser is subject to fulfillment, at Closing, of the condition set forth in Section 4.6.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the 2017 Series A Bonds to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in the Financing Agreements shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in the Financing Agreements required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the 2017 Series A Bonds (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificates.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying (i) that the conditions specified in Section 4 of this Agreement have been fulfilled, (ii) an attached true, complete and correct copy of the Indenture, and (iii) attached true, complete and correct copies of all certificates and opinions delivered to the Trustee under the Indenture in connection with the issuance of the 2017 Series A Bonds under the Indenture.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary, Assistant Secretary, or other officer authorized by the Company to make such certification, dated the date of Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Financing Agreements.

(c) *Secretary's Certificate of the Trustee.* The Trustee shall have delivered to such Purchaser a certificate of a corporate trust officer, dated the date of the Closing, certifying as to the resolutions attached thereto and the authorization, execution and delivery of the Indenture and Bonds.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from (i) Davis Wright Tremaine LLP, Alaska counsel for the Company, and (ii) Orrick, Herrington & Sutcliffe LLP, special counsel to the Company, covering the matters set forth in Exhibits 4.4(a)(i) and 4.4(a)(ii), respectively, and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby authorizes its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted by Applicable Law. On the date of the Closing such Purchaser's purchase of 2017 Series A Bonds shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have

received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Bonds. Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the 2017 Series A Bonds to be purchased by it at the Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 12.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the 2017 Series A Bonds.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the 2017 Series A Bonds is to be deposited.

Section 4.11. Recording and Filing of the Supplemental Indentures. The Company shall have caused (i) the Sixth Supplemental Indenture to have been recorded or filed at or prior to the Closing in such manner and in all places in which recording is necessary to preserve and protect the lien of the Indenture upon any of the properties of the Company specifically described therein as subject to the lien of the Indenture, and which are described in Schedule 4.11, (ii) all financing statements under the UCC, if any, with respect to the personal property described in the granting clauses of the Indenture to have been filed in all places necessary to perfect and protect the security interest granted by the Indenture to the extent such security can be perfected by the filing of appropriate financing statements, and which are described in Schedule 4.11 (all such recordations and filings as provided in clauses (i) and (ii) of this Section 4.11 being referred to as the "Collateral Filings") and (iii) all taxes, fees and other charges payable in connection with the execution, delivery and filing of the Sixth Supplemental Indenture to have been paid in full.

Section 4.12. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special

counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.13. Documents Required by Indenture; Basis for Authentication. The Company shall have furnished to the Trustee the resolutions, certificates, instruments, opinions and cash, if any, required to be delivered prior to or upon the issuance of the Bonds pursuant to the provisions of the Indenture. The Company shall have requested the Trustee to, and the Trustee shall have, authenticated the Bonds pursuant to Article 5 of the Indenture. The Company shall have complied with all other conditions with respect to the issuance and authentication of the Bonds imposed by the Indenture.

Section 4.14. Regulatory Approval. Prior to the Closing, such Purchaser and its special counsel shall have received evidence, including, without limitation, an opinion of counsel, in form and substance satisfactory to such Purchaser and its special counsel, demonstrating that all approvals and authorizations of (a) the Federal Energy Regulatory Commission under the Federal Power Act and (b) the Regulatory Commission of Alaska under the laws of the State of Alaska which are required to be obtained in connection with the issuance of the Bonds, and the execution and delivery by the Company of, and the performance by the Company of its obligations under, the Financing Agreements have been duly obtained, validly issued and are in full force and effect and final, and all periods for appeal and rehearing by third parties have expired and all conditions contained in such approvals and authorizations which are to be fulfilled on or prior to the issuance of the Bonds have been fulfilled.

Section 4.15. Consents Under Existing Debt Agreements. The Company shall have obtained all consents required under its existing debt agreements in connection with the Company's incurrence of the Indebtedness under the Financing Agreements.

Section 4.16. Acceptance of Appointment to Receive Service of Process. Such Purchaser shall have received evidence of the acceptance by CT Corporation System of the appointment and designation provided for by Section 20.8(b) (and the payment of all fees in respect thereof for the period from the date of the Closing to a date not earlier than the third anniversary date of the Closing).

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is an electric cooperative duly organized, validly existing and in good standing under the laws of the State of Alaska. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver the Financing Agreements and to perform the provisions hereof and thereof.

Section 5.2. Authorization. The Financing Agreements have been duly authorized by all necessary corporate action on the part of the Company, and the Financing Agreements constitute, and upon execution and delivery thereof the 2017 Series A Bonds will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. This Agreement and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3, and the financial statements listed in Schedule 5.5 (this Agreement and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to January 27, 2017 being referred to, collectively, as the "*Disclosure Documents*"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2015, there has been no change in the financial condition, operations, business, or properties of the Company except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 5.4. No Subsidiaries. The Company has no Subsidiaries.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the financial position of the Company as of the respective dates specified in such Schedule and the results of its operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company does not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments. The execution, delivery and performance by the Company of the Financing Agreements will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien, other than the Lien created under the Indenture, in respect of any property of the Company under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company is bound or by which the Company or any of its properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

Section 5.7. Governmental Authorizations. Except for the Collateral Filings contemplated by Section 4.11, no consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of the Financing Agreements.

Section 5.8. Litigation; Observance of Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any property of the Company in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) The Company is not in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company has filed all income tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company, as the case may be, has established adequate reserves in accordance with GAAP. The Federal income tax liabilities of the Company have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2013.

Section 5.10. Title to Property; Leases. The Company has good and sufficient title to its Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens (other than the Lien created by the Indenture) prohibited by this Agreement or the Indenture. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. The Company owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to

result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to “employee benefit plans” (as defined in section 3 of ERISA); and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be reasonably be expected individually or in the aggregate to have a Material Adverse Effect.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans) subject to Section 412 of the Code or Title IV of ERISA that is attributable to the employees of the Company and each of its ERISA Affiliates, determined as of January 1, 2015 on the basis of the actuarial assumptions specified for funding purposes in such Plan’s most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$7,000,000 in the case of any single Plan and by more than \$7,000,000 in the aggregate for all Plans. The term “*benefit liabilities*” has the meaning specified in section 4001 of ERISA and the terms “*current value*” and “*present value*” have the meanings specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company’s most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the 2017 Series A Bonds hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser’s representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the 2017 Series A Bonds to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the 2017 Series A Bonds or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and two (2) other Institutional Investors, each of which has been offered the 2017 Series A Bonds at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the 2017 Series A Bonds to the registration requirements of Section 5 of

the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the 2017 Series A Bonds to repay existing Indebtedness and for general corporate purposes of the Company. No part of the proceeds from the sale of the 2017 Series A Bonds hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 0.5% of the value of the assets of the Company and the Company does not have any present intention that margin stock will constitute more than 0.5% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness. (a) Except as described therein or the financial statements listed on Schedule 5.5, Schedule 5.15(a) sets forth a complete and correct list of all outstanding Indebtedness of the Company as of December 31, 2016 (including, except with respect to trade payables incurred in the ordinary course of business and not exceeding \$5,000,000 in the aggregate, a description of the obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company. The Company is not in default and no waiver of default is currently in effect in the payment of any principal or interest on any Indebtedness of the Company and no event or condition exists with respect to any Indebtedness of the Company the outstanding principal amount of which exceeds \$5,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) The Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as specifically indicated in Schedule 5.15(b).

Section 5.16. Foreign Assets Control Regulations. (a) The Company (i) is not a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) (an “OFAC Listed Person”) or any list published by any state under the authority of CISADA, such as the list published by the California Department of General Services (a “State Listed Person”) or (ii) is not a department, agency or instrumentality of, or is not otherwise controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or State Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC

Sanctions Program (each OFAC Listed Person, each State Listed Person and each other Person, entity, organization and government of a country described in clause (ii), a “*Blocked Person*”) or (iii) has no any investments in, or engages in any dealings or transactions with, any Blocked Person.

(b) No part of the proceeds from the sale of the 2017 Series A Bonds hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used, directly or indirectly by the Company, in connection with any investment in, or any transactions or dealings with, any Blocked Person or for investment in the Iranian Energy Sector (as defined in Section 201(1) of CISADA).

(c) To the Company’s actual knowledge after making due inquiry, the Company (i) is not under investigation by any Governmental Authority for, or has not been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under any applicable law (collectively, “*Anti-Money Laundering Laws*”), (ii) has not been assessed civil penalties under any Anti-Money Laundering Laws or (iii) has not had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Company and each Affiliate is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws.

(d) No part of the proceeds from the sale of the 2017 Series A Bonds hereunder will be used, directly or indirectly, for any improper payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage. The Company has taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Company is and will continue to be in compliance with all applicable current and future anti-corruption laws and regulations.

Section 5.17. Status under Certain Statutes. The Company is not subject to regulation (a) under the Investment Company Act of 1940, as amended, (b) under the Public Utility Holding Company Act of 2005, as amended, (c) under the ICC Termination Act of 1995, as amended, or (d) as a “public utility” under the Federal Power Act, as amended.

Section 5.18. Lien of Indenture. (a) The Indenture constitutes a valid first priority Lien upon all of the properties and assets of the Company specifically or generally described or referred to in the Indenture as being subject to the Lien thereof, subject only to the exceptions referred to or permitted in the Indenture, and creates a first priority Lien upon all properties and assets acquired by the Company after the date hereof which are required to be subjected to the Lien of the Indenture, when acquired by the Company, subject only to the exceptions referred to or permitted in the Indenture and subject, further, as to real property, to the recordation of a supplement to the Indenture describing such after-acquired property (provided no intervening Liens shall have been filed or recorded against such property prior to the filing or recording of such supplement). The descriptions of all such properties and assets contained in the granting

clauses of, and exhibits to, the Indenture are correct and adequate for the purposes of the Indenture.

(b) Contemporaneously with, or prior to, the Closing, (i) the Sixth Supplemental Indenture will be duly executed and delivered and will be duly filed or recorded as a supplemental indenture of mortgage of real estate, and any required filings with respect to personal property and fixtures subject to the Lien of the Indenture will be duly made in each place in which such recording or filing is required to protect, preserve and perfect the Lien of the Indenture, and (ii) all taxes and recording and filing fees required to be paid with respect to the execution and delivery of the Sixth Supplemental Indenture, the filing of financing statements related thereto, if any, and similar documents and the issuance of the 2017 Series A Bonds thereunder will be paid by the Company.

(c) At all times prior to and after the recording of the Sixth Supplemental Indenture as provided in Section 5.18(b), the 2017 Series A Bonds, when executed by the Company, authenticated and delivered by the Trustee and issued by the Company to the Purchasers will be the legal, valid and binding obligations of the Company enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of and secured by the Lien of the Indenture equally and ratably with all other Outstanding Secured Obligations.

(d) As of the date hereof, the Company has no “*Excludable Property*” as defined in the Indenture, other than the property listed in Schedule 5.18(d).

Section 5.19. Filings. No action, including any filings, registration or notice, is necessary in Alaska, or any other jurisdictions to ensure the legality, validity, enforceability, priority or perfection of the Financing Agreements except for the Collateral Filings set forth in Schedule 4.11, which will be filed or recorded on or prior to the date of Closing. No other action, including any filing, registration or notice, is necessary in Alaska, or any other jurisdiction to establish or protect for the benefit of the Trustee and the holders of 2017 Series A Bonds, the security interest and Liens purported to be created under the Indenture and the other Financing Agreements, except in each case for the Collateral Filings and the filing of continuation statements with respect to any Collateral Filing at the time and in the manner provided under applicable law.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the 2017 Series A Bonds for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser’s or their property shall at all times be within such Purchaser’s or their control. Each Purchaser understands that the 2017 Series A Bonds have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the 2017 Series A Bonds.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a “*Source*”) to be used by such Purchaser to pay the purchase price of the 2017 Series A Bonds to be purchased by such Purchaser hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption (“*PTE*”) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the “*NAIC Annual Statement*”)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser’s state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser’s fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an “insurance company pooled separate account,” (within the meaning of PTE 90-1) or (ii) a “bank collective investment fund” (within the meaning of the PTE 91-38) and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part VI of PTE 84-14 (the “*QPAM Exemption*”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part VI of the QPAM Exemption); no employee benefit plan’s assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an “affiliate” (within the meaning of Section VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of “control” in Section VI(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Section IV of PTE 96-23 (the “*INHAM Exemption*”)) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV of the INHAM Exemption); the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied; neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include “assets” of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “*employee benefit plan*,” “*governmental plan*,” and “*separate account*” shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of 2017 Series A Bonds that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “*Form 10-Q*”) with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income and changes in cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the

companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 105 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company's Annual Report on Form 10 K (the "*Form 10 K*") with the SEC regardless of whether the Company is subject to the filing requirements thereof) after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in patronage capital and membership fees and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 7.1(b), and *provided, further*, that the Company shall be deemed to have made such delivery of such Form 10-K if it shall have timely made Electronic Delivery thereof;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Company with the SEC or any Subsidiary;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any

Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrance of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Supplemental Indentures* — promptly, and in any event not less than five Business Days after the execution and delivery thereof, a copy of any indenture supplemental to the Indenture that the Company from time to time may hereafter execute and deliver which amends the Indenture in any respect;

(g) *Notices from Governmental Authority* — promptly, and in any event within 30 days after receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(h) *Certain Notices Under the Indenture* — true, correct and complete copies of any notices required to be delivered by the Company to such holder pursuant to the terms and provisions of the Indenture; and

(i) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or

properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company's Form 10-Q and Form 10-K, if any) or relating to the ability of the Company to perform its obligations under any Financing Agreement as from time to time may be reasonably requested by such holder of 2017 Series A Bonds after a Default that is continuing.

All information required to be delivered by the Company pursuant to Section 7.1(a)-(c) shall be deemed to have been furnished if the Company shall have timely made the same available on the its website at www.chugachelectric.com and, substantially concurrently therewith (except in the case of the delivery of forms 10-K and 10-Q and any financial statements or other information contained therein, as to which no separate notification shall be necessary if such information has been posted on the Company's website within the deadlines specified in Section 7.1(a) and Section 7.1(b)), shall have notified each holder of 2017 Series A Bonds that such information has been posted on its website and such information is fully accessible (such availability and notice thereof being referred to as "*Electronic Delivery*"), provided, that if any holder of 2017 Series A Bonds is unable to access the Company's website or download and print the posted information the Company agrees to provide such holder with paper or electronic copies of such information required to be furnished pursuant to Section 7.1(a)-(c) promptly following notice (and thereafter so long as such notice remains in effect) from such holder.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of 2017 Series A Bonds pursuant to Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth (which, in the case of Electronic Delivery of any such financial statements, shall be by separate concurrent delivery of such certificate to each holder of 2017 Series A Bonds):

(a) *Covenant Compliance* — (i) the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 14.14 and 14.15 of the Indenture during the annual period covered by the statements then being furnished and (ii) to the extent the Company issued Additional Obligations (as defined in the Indenture) under the Indenture during the period covered by the statements being furnished, any calculations that the Company provided to the Trustee (as defined in the Indenture) to show compliance with the Indenture in connection with the issuance of the Additional Obligations (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and of the Indenture and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or

exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each holder of 2017 Series A Bonds that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and, with the consent of the Company (which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing (but no Investor shall have the right to make such a request more frequently than once in any 12-month period); and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their books of account and other relevant records, reports and documents, to make copies or extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries if a Default or Event of Default then exists), all at such times and as often as may be reasonably requested in writing.

SECTION 8. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the 2017 Series A Bonds are outstanding:

Section 8.1. Compliance with Law. Without limiting Section 9.2, the Company will and will cause each of its Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 8.2. Insurance. The Company will and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 8.3. Maintenance of Properties. The Company will and will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 8.4. Payment of Taxes. The Company will and will cause each of its Subsidiaries to file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge or levy if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges and levies in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 8.5. Corporate Existence. The Company will at all times preserve and keep in full force and effect its corporate existence. The Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a wholly owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 8.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be.

SECTION 9. NEGATIVE COVENANTS.

The Company covenants that so long as any of the 2017 Series A Bonds are outstanding:

Section 9.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 9.2. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement.

Section 9.3. Terrorism Sanctions Regulations. The Company will not (a) become a Blocked Person or (b) have any investments in or engage in any dealings or transactions with any Blocked Person or in the Iranian Energy Sector (as defined in Section 201(1) of CISADA).

SECTION 10. REGISTRATION; EXCHANGE; SUBSTITUTION OF 2017 SERIES A BONDS.

The registration, exchange, replacement and transfer of the 2017 Series A Bonds, if any, shall be subject to the terms and provisions of the Indenture.

SECTION 11. PAYMENTS ON 2017 SERIES A BONDS.

So long as any Purchaser or its nominee shall be the holder of any 2017 Series A Bond, and notwithstanding anything contained in the Indenture or in such 2017 Series A Bond to the contrary, the Company will pay all sums becoming due on such 2017 Series A Bond for principal, make-whole amount or premium, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such 2017 Series A Bond or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any 2017 Series A Bond, such Purchaser shall surrender such 2017 Series A Bond for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to the Indenture. Prior to any sale or other disposition of any 2017 Series A Bond held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such 2017 Series A Bond to the Company in exchange for a new 2017 Series A Bond or 2017 Series A Bonds of the same maturity pursuant to Section 3.7 of the Indenture. The Company will afford the benefits of this Section 11 to any Institutional Investor that is the direct or indirect transferee of any 2017 Series A Bond purchased by a Purchaser under this Agreement and that has made the same agreement relating to such 2017 Series A Bond as the Purchasers have made in this Section 11.

SECTION 12. EXPENSES.

Section 12.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a 2017 Series A Bond in connection with such transactions and in connection with any amendments,

waivers or consents under or in respect of any Financing Agreement (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the reasonable costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under any Financing Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with any Financing Agreement, or by reason of being a holder of any 2017 Series A Bond, (b) the reasonable costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated by any Financing Agreement and (c) the costs and expenses incurred in connection with the initial filing of any Financing Agreement and all related documents and financial information with the SVO, *provided* that such costs and expenses under this clause (c) shall not exceed \$3,000. The Company will pay, and will save each Purchaser and each other holder of a 2017 Series A Bond harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the 2017 Series A Bonds).

Section 12.2. Survival. The obligations of the Company under this Section 12 will survive the payment or transfer of any 2017 Series A Bond, the enforcement, amendment or waiver of any provision of any Financing Agreement, and the termination of any Financing Agreement.

SECTION 13. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of the Financing Agreements, the purchase or transfer by any Purchaser of any 2017 Series A Bond or portion thereof or interest therein and the payment of any 2017 Series A Bond, and may be relied upon by any subsequent holder of a 2017 Series A Bond, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a 2017 Series A Bond. All statements contained in any certificate or other instrument required to be delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, the Financing Agreements embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 14. AMENDMENT AND WAIVER.

Section 14.1. Requirements. This Agreement and the Bonds may be amended, and the observance of any term hereof or of the Bonds may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 19 hereof or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each 2017 Series A Bond at the time outstanding affected thereby, (i) change the percentage of the principal amount of the 2017 Series A Bonds

the holders of which are required to consent to any such amendment or waiver or (ii) amend any of Sections 14 or 18.

Section 14.2. Solicitation of Holders of 2017 Series A Bonds.

(a) *Solicitation.* The Company will provide each holder of the 2017 Series A Bonds (irrespective of the amount of 2017 Series A Bonds then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the 2017 Series A Bonds or Sixth Supplemental Indenture. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 14 or Section 1.4 of the Indenture to each holder of outstanding 2017 Series A Bonds promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of 2017 Series A Bonds.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of 2017 Series A Bonds as consideration for or as an inducement to the entering into by any holder of 2017 Series A Bonds of any waiver or amendment of any of the terms and provisions hereof or of the Indenture unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of 2017 Series A Bonds then outstanding even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent made pursuant to this Section 14.2 by the holder of any 2017 Series A Bond that has transferred or has agreed to transfer such 2017 Series A Bond to the Company, any Subsidiary or any Affiliate of the Company and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of 2017 Series A Bonds that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

Section 14.3. Binding Effect. Any amendment or waiver applicable to this Agreement or the Sixth Supplemental Indenture consented to as provided in this Section 14 applies equally to all holders of 2017 Series A Bonds and is binding upon them and upon each future holder of any 2017 Series A Bond and upon the Company without regard to whether such 2017 Series A Bond has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any 2017 Series A Bond nor any delay in exercising any rights hereunder or under any 2017 Series A Bond shall operate as a waiver of any rights of any holder of such 2017 Series A Bond. As used herein, the term “*this Agreement*” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 14.4. 2017 Series A Bonds Held by Company. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of 2017 Series A Bonds then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, the Indenture or the 2017 Series A Bonds, or have directed the taking of any action provided herein or in the 2017 Series A Bonds to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of 2017 Series A Bonds then outstanding, 2017 Series A Bonds directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 15. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

- (i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,
- (ii) if to any other holder of any 2017 Series A Bond, to such holder at such address as such other holder shall have specified to the Company in writing,
- (iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each 2017 Series A Bond in writing, or
- (iv) if to the Trustee, to the Trustee at the address specified in the Indenture or at such other address as the Trustee shall have specified to the holder of each Bond in writing.

Notices under this Section 15 will be deemed given only when actually received.

SECTION 16. INDEMNIFICATION.

The Company hereby agrees to indemnify and hold the Purchasers harmless from, against and in respect of any and all loss, liability and expense (including reasonable attorneys' fees) arising from any misrepresentation or nonfulfillment of any undertaking on the part of the Company under this Agreement. The indemnification obligations of the Company under this Section 16 shall survive the execution and delivery of this Agreement, the delivery of the 2017 Series A Bonds to the Purchasers and the consummation of the transactions contemplated herein.

SECTION 17. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the 2017 Series A Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 17 shall not prohibit the Company or any other holder of 2017 Series A Bonds from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 18. CONFIDENTIAL INFORMATION.

For the purposes of this Section 18, “*Confidential Information*” means information delivered to any Purchaser by or on behalf of the Company in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with the procedures adopted by such Purchaser in good faith to protect its own confidential information and confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its 2017 Series A Bonds), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 18, (iii) any other holder of any 2017 Series A Bond, (iv) any Institutional Investor to which it sells or offers to sell such 2017 Series A Bond or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 18), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 18), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (viii) any other Person to

which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party (provided that such litigation is related to such Purchaser's investment in the Bonds) or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's 2017 Series A Bonds and this Agreement. Each holder of a 2017 Series A Bond, by its acceptance of a 2017 Series A Bond, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 14 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a 2017 Series A Bond of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 18.

SECTION 19. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the 2017 Series A Bonds that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 19), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the 2017 Series A Bonds then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 19), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the 2017 Series A Bonds under this Agreement.

SECTION 20. MISCELLANEOUS.

Section 20.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a 2017 Series A Bond) whether so expressed or not.

Section 20.2. Payments Due on Non-Business Days. Anything in this Agreement or the Bonds to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Bond is a date other than a Business Day, the payment otherwise due on such maturity date shall

be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 20.3. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made using numbers prepared in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

For purposes of determining compliance with the financial covenants contained in the Financing Agreements, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 20.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 20.5. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 20.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 20.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 20.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Financing Agreements or the 2017 Series A Bonds. To the fullest extent permitted by applicable law, the Company irrevocably waives and

agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company hereby irrevocably appoints CT Corporation System, with offices as of the date of this Agreement at 111 8th Avenue, 13th Floor, New York, New York 10011, as its authorized agent for service of process in relation to any action, suit or proceeding of the nature referred to in Section 20.8(a). The Company consents to process being served by or on behalf of any holder of a 2017 Series A Bond with respect to any such any action, suit or proceeding by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested to CT Corporation System at the address noted above. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service. The Company further agrees that any failure of CT Corporation System to give notice to the Company of any such service shall not impair or affect the validity of such service of any judgment rendered in any such action, suit or proceeding. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(c) Nothing in this Section 20.8 shall affect the right of any holder of a 2017 Series A Bond to serve process in any manner permitted by law, or limit any right that the holders of any of the 2017 Series A Bonds may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

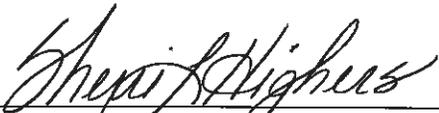
(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE 2017 SERIES A BONDS OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith OR THEREWITH.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

CHUGACH ELECTRIC ASSOCIATION, INC.

By 

Name: Sherri L. Highers

Its: Chief Financial Officer and Vice
President, Finance and Administration

CHUGACH ELECTRIC ASSOCIATION, INC.

Bond Purchase Agreement

Accepted as of the date first written above.

TEACHERS INSURANCE AND ANNUITY
ASSOCIATION OF AMERICA

By Joseph R Cantey Jr
Name: Joseph R Cantey Jr
Title: Senior Director

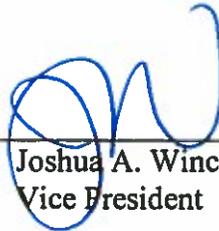
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Accepted as of the date first written above.

VOYA INSURANCE AND ANNUITY
COMPANY
VOYA RETIREMENT INSURANCE AND
ANNUITY COMPANY
SECURITY LIFE OF DENVER INSURANCE
COMPANY
RELIASTAR LIFE INSURANCE COMPANY
RELIASTAR LIFE INSURANCE COMPANY OF
NEW YORK

By: Voya Investment Management LLC, as Agent

By



Name: Joshua A. Winchester

Title: Vice President

CHUGACH ELECTRIC ASSOCIATION

INFORMATION RELATING TO PURCHASERS

NAME OF AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF 2017 SERIES A BONDS TO BE PURCHASED
TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA 730 Third Avenue New York, New York 10017	\$20,000,000

Payments

All payments on or in respect of the **2017 Series A Bonds** shall be made in immediately available funds on the due date by electronic funds transfer, through the Automated Clearing House System, to:

JPMorgan Chase Bank, N.A.
ABA # 021-000-021
Account Number: 900-9-000200
Account Name: Teachers Insurance and Annuity Association of America
For Further Credit to the Account Number: G07040
Reference: PPN: 171265 B#7 / Chugach Electric Association, Inc.
Maturity Date: 2037/Interest Rate: 3.43%/P&I Breakdown

Payment Notices

All notices with respect to payments and prepayments of the **2017 Series A Bonds** shall be sent to:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017
Attention: Securities Accounting Division
Phone: (212) 916-5504
Facsimile: (212) 916-4699

With a copy to:

JPMorgan Chase Bank, N.A.
P.O. Box 35308
Newark, New Jersey 07101

Contemporaneous written confirmation of any electronic funds transfer shall be sent to the above addresses setting forth (1) the full name, private placement number, interest rate and maturity date of the **2017 Series A Bonds**, (2) allocation of payment between principal, interest, Make-Whole Amount, other premium or any special payment and (3) the name and address of the bank from which such electronic funds transfer was sent.

Notices and Communications

All notices and communications, including notices with respect to payments and prepayments, shall be delivered by overnight courier AND by e-mail to:

Teachers Insurance and Annuity Association of America
8500 Andrew Carnegie Blvd
Charlotte, NC 28262
Attention: Global Private Markets
Telephone: (704) 988-4349 (Name: Ho Young-Lee)
(212) 916-4000 (General Number)
Facsimile: (704) 988-4916
E-Mail: hoyoung.lee@tiaainvestments.com

Taxpayer Identification Number: 13-1624203

Physical Delivery of the 2017 Series A Bonds :

JPMorgan Chase Bank, N.A.
4 Chase Metrotech Center
3rd Floor
Brooklyn, New York 11245-0001
For TIAA A/C #G07040

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

\$11,200,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For all payments of scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAMS
BNF: GLA111566
Attention: Income Collection Department
For further credit to: VRIAC/Acct. 216101
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAMS
Account No.: 2161018400
Account Name: VRIAC
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

(4) Tax Identification No.: 71-0294708

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

VOYA INSURANCE AND ANNUITY COMPANY

\$4,500,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For all payments of scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
BNF: GLA111566
Attention: Income Collection Department
For credit to: Voya Ins and Ann Co - SLDI/Acct. 179369
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
Account No.: 1793698400
Account Name: Voya Ins and Ann Co - SLDI
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

With a copy to:

The Bank of New York
Insurance Trust Dept.
101 Barclay 8 West
New York, NY 10286
Attn.: Bailey Eng
Email: Baileyeng@bankofny.com

- (3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

- (4) Tax Identification No.: 41-0991508

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

VOYA INSURANCE AND ANNUITY COMPANY

\$2,300,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For scheduled principal and interest payments:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
BNF: GLA111566
Attention: Income Collection Department
For further credit to: Voya Ins and Ann Co GEN AC/Acct. 136373
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
Account No.: 1363738400
Account Name: Voya Ins and Ann Co GEN AC
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

(4) Tax Identification No.: 41-0991508

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

RELIASTAR LIFE INSURANCE COMPANY

\$1,500,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For all payments of scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
BNF: GLA111566
Attention: Income Collection Department
For further credit to: RLIC/Acct. 187035
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
Account No.: 1870358400
Account Name: RLIC
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

(4) Tax Identification No.: 41-0451140

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK

\$400,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For all payments of scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
BNF: GLA111566
Attention: Income Collection Department
For further credit to: RLNY/Acct. 187038
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
Account No.: 1870388400
Account Name: RLNY
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

(4) Tax Identification No.: 53-0242530

NAME OF AND ADDRESS
OF PURCHASER

PRINCIPAL AMOUNT OF
2017 SERIES A BONDS
TO BE PURCHASED

SECURITY LIFE OF DENVER INSURANCE COMPANY

\$100,000

(1) All payments on account of **2017 Series A Bonds** held by such purchaser should be made by wire transfer of immediately available funds for credit to:

For all payments of scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
BNF: GLA111566
Attention: Income Collection Department
Reference: A/C#: 1781658400
For further credit to: Security Life of Denver Ins – SSA / 178165
Reference: PPN 171265 B#7

For all payments other than scheduled principal and interest:

The Bank of New York Mellon
ABA#: 021000018 **or** via SWIFT IRVTUS3NAM5
A/C#: 1781658400
Account Name: Security Life of Denver Ins -- SSA
Reference: PPN 171265 B#7

Each such wire transfer should set forth the name of the issuer, the full title (including the coupon rate, issuance date, and final maturity date) of the **2017 Series A Bonds** on account of which such payment is made, and the due date and application (as among principal, premium and interest) of the payment being made.

(2) Address for all notices relating to payments:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Operations/Settlements
Email: VoyaIMCashOperations@Voya.com

(3) Address for all other communications and notices:

Voya Investment Management LLC
5780 Powers Ferry Road NW, Suite 300
Atlanta, GA 30327-4347
Attn: Private Placements
Fax: (770) 690-5342
Email: Private.Placements@Voya.com

(4) Tax Identification No.: 84-0499703

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“*2017 Series A Bonds*” is defined in Section 1.

“*Affiliate*” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, “*Control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an “*Affiliate*” is a reference to an Affiliate of the Company.

“*Agreement*” means this Bond Purchase Agreement, dated as of March 17, 2017, by and among the Company and the Purchasers.

“*Anti-Money Laundering Laws*” is defined in Section 5.16(c).

“*Blocked Person*” is defined in Section 5.16(a).

“*Business Day*” means for the purposes of any provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

“*Capital Lease*” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“*CISADA*” means the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, United States Public Law 111195, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“*Closing*” is defined in Section 3.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

“*Collateral Filings*” is defined in Section 4.11.

“*Company*” means Chugach Electric Association, Inc., an electric cooperative existing under the laws of the State of Alaska, or any successor that becomes such in the manner prescribed in Article 12 of the Indenture.

“*Confidential Information*” is defined in Section 18.

“*Default*” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“*Electronic Delivery*” is defined in Section 7.1(a).

“*Environmental Laws*” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“*ERISA Affiliate*” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“*Event of Default*” is defined in the Indenture.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fifth Supplemental Indenture*” is defined in Section 1.

“*Financing Agreements*” means this Agreement, the Indenture (including, without limitation, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, and the Sixth Supplemental Indenture) and the 2017 Series A Bonds.

“*First Supplemental Indenture*” is defined in Section 1.

“*Form 10-K*” is defined in Section 7.1(b).

“*Form 10-Q*” is defined in Section 7.1(a).

“*Fourth Supplemental Indenture*” is defined in Section 1.

“*GAAP*” means generally accepted accounting principles as in effect from time to time in the United States of America.

“*Governmental Authority*” means

- (a) the government of
 - (i) the United States of America or any State or other political subdivision thereof, or
 - (ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or
- (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“*Guaranty*” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“*Hazardous Material*” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum,

petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“*holder*” means, with respect to any 2017 Series A Bond, the Person in whose name such 2017 Series A Bond is registered in the register maintained by the Trustee.

“*Indebtedness*” with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (e) above.

“*Indenture*” is defined in Section 1.

“*Institutional Investor*” means (a) any Purchaser of a 2017 Series A Bond, (b) any holder of a 2017 Series A Bond holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the 2017 Series A Bonds then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any 2017 Series A Bond.

“*Lien*” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or

Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

“*Make-Whole Amount*” is defined in the Sixth Supplemental Indenture.

“*Material*” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

“*Material Adverse Effect*” means:

(a) when used in Sections 4, 5 and 7, a material adverse effect on (i) the business, operations, affairs, financial condition, assets or properties of the Company, (ii) the ability of the Company to perform its obligations under this Agreement, the 2017 Series A Bonds or the Indenture or (iii) the validity or enforceability of this Agreement, the 2017 Series A Bonds or the Indenture; and

(b) when used in Section 8, a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement, the 2017 Series A Bonds or the Indenture or (ii) the validity or enforceability of this Agreement, the 2017 Series A Bonds or the Indenture.

“*Member*” means each holder of a membership or other equity interest in the Company.

“*Multiemployer Plan*” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“*NAIC*” means the National Association of Insurance Commissioners or any successor thereto.

“*OFAC*” is defined in Section 5.16(a).

“*OFAC Listed Person*” is defined in Section 5.16(a).

“*OFAC Sanctions Program*” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.ustreas.gov/offices/enforcement/ofac/programs/>.

“*Officer’s Certificate*” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“*PBGC*” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

“*Person*” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“*Plan*” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“*Preferred Stock*” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“*property*” or “*properties*” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“*PTE*” is defined in Section 6.2(a).

“*Purchaser*” is defined in the first paragraph of this Agreement.

“*Qualified Institutional Buyer*” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“*Related Fund*” means, with respect to any holder of any 2017 Series A Bond , any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“*Required Holders*” means, at any time, the holders of more than 50% in principal amount of the 2017 Series A Bonds at the time outstanding (exclusive of 2017 Series A Bonds then owned by the Company or any of its Affiliates).

“*Responsible Officer*” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“*SEC*” shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

“*Second Amended and Restated Indenture of Trust*” is defined in Section 1.

“*Second Supplemental Indenture*” is defined in Section 1.

“*Securities*” or “*Security*” shall have the meaning specified in Section 2(1) of the Securities Act.

“*Securities Act*” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“*Senior Financial Officer*” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“*Sixth Supplemental Indenture*” is defined in Section 1.

“*State Listed Person*” shall have the meaning specified in Section 5.16(a).

“*Subsidiary*” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“*SVO*” means the Securities Valuation Office of the NAIC or any successor to such Office.

“*Synthetic Lease*” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for United States federal income tax purposes, other than any such lease under which such Person is the lessor.

“*Third Supplemental Indenture*” is defined in Section 1.

“*Trustee*” means U.S. Bank National Association, as trustee under the Indenture, and its successors and assigns that becomes such in the manner prescribed in Article X of the Indenture.

“*UCC*” means, the Uniform Commercial Code as enacted and in effect from time to time in the state whose laws are treated as applying to the Trust Estate.

“*USA Patriot Act*” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

SCHEDULE 4.11

COLLATERAL FILINGS

1. Alaska Recording District: 301 Anchorage
2. Alaska Recording District: 302 Kenai
3. Alaska Recording District: 311 Palmer
4. Alaska Recording District: 314 Seward

SCHEDULE 5.3

DISCLOSURE DOCUMENTS

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2015
2. Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016
3. Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016
4. Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016

SCHEDULE 5.5

FINANCIAL STATEMENTS

1. Financial statements accompanying Form 10-K of the Company filed with the SEC for the fiscal year ended December 31, 2015
2. Financial statements accompanying Form 10-Q of the Company filed with the SEC for the fiscal quarter ended March 31, 2016
3. Financial statements accompanying Form 10-Q of the Company filed with the SEC for the fiscal quarter ended June 30, 2016
4. Financial statements accompanying Form 10-Q of the Company filed with the SEC for the fiscal quarter ended September 30, 2016

SCHEDULE 5.7

GOVERNMENT AUTHORIZATIONS

None.

SCHEDULE 5.15(a)

EXISTING INDEBTEDNESS

The following sets forth a list of all outstanding Indebtedness of the Company as of December 31, 2016.

	<u>Balance</u>	<u>Limit</u>
2011 Series A Bonds	\$221,666,665	\$221,666,665
2012 Series A Bonds	\$205,000,000	\$205,000,000
2016 CoBank Note	\$43,776,000	\$43,776,000
Commercial Paper	\$68,200,000	\$150,000,000
National Rural Utilities Cooperative Finance Corporation Line of Credit Agreement	\$0	\$50,000,000

SCHEDULE 5.15(b)

RESTRICTIONS ON INDEBTEDNESS

1. Second Amended and Restated Indenture of Trust, dated as of January 20, 2011, between Chugach Electric Association, Inc. and U.S. Bank National Association, as Trustee, as amended and supplemented by that First Supplemental Indenture dated as of January 20, 2011, Second Supplemental Indenture dated as of September 30, 2011, Third Supplemental Indenture dated as of January 5, 2012, Fourth Supplemental Indenture dated as of February 3, 2015, and Fifth Supplemental Indenture dated as of June 30, 2016.
2. Second Amended and Restated Master Loan Agreement, dated as of June 30, 2016, between Chugach Electric Association, Inc. and CoBank, ACB (the "*CoBank Master Loan Agreement*").
3. Credit Agreement, dated as of June 13, 2016, among Chugach Electric Association, Inc., and the lenders party thereto, and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent (the "*2016 Credit Agreement*").

SCHEDULE 5.18(d)

EXCLUDABLE PROPERTY

All right, title and interest of the Company in and to each of the following:

1. Grant Agreement dated November 14, 2011, between the Company and the Alaska Energy Authority (as amended, modified, restated or supplemented from time to time);
2. Power Purchase Agreement dated as of June 21, 2011, between the Company and Fire Island Wind, LLC, a Delaware limited liability company (“*FIW*”) (as amended, modified, restated or supplemented from time to time), and Consent and Agreement dated November 30, 2011, among the Company, FIW and CoBank, ACB, as administrative agent, relating thereto;
3. Interconnection & Integration Agreement (I&I Agreement) dated as of September 13, 2011, between the Company and FIW (as amended, modified, restated or supplemented from time to time), and Consent and Agreement dated November 30, 2011, among the Company, FIW and CoBank, ACB, as administrative agent, relating thereto;
4. Build Transfer Agreement (“*BTA*”) dated as of November 16, 2011 among the Company, FIW and Cook Inlet Transmission LLC, a Delaware limited liability company (“*CIT*”), relating to the design and construction of a new transmission line (the “*New Transmission Line*”), and Consent and Agreement dated November 30, 2011, among the Company, CIT and CoBank, ACB, as administrative agent, relating thereto;
5. Agency Agreement, dated as of November 15, 2011, between the Company and CIT (as amended, modified, restated or supplemented from time to time), and Consent and Agreement dated November 30, 2011, among the Company, CIT and CoBank, ACB, as administrative agent, relating thereto;
6. State of Alaska Department of Transportation and Public Facilities Ted Stevens Anchorage International Airport Land Use Permit ADA-31773, dated November 18, 2011;
7. Cable Crossing Agreement between the Company, ACS Cable Systems, Inc., a Delaware corporation, and CIT, dated October 27, 2011;
8. New State of Alaska, Department of Transportation and Public Facilities, Ted Stevens Anchorage International Airport/“Fifth Supplemental Indenture” is defined in Section 1.

9. Fire Island Transmission System (AIA-FI Transmission System) including that certain 34.5 kV transmission system for interconnecting the Fire Island Wind Project with the Company's Transmission System, which shall include the Mainland Transmission Line Section, the Fire Island Transmission Line Section, and the Submarine Transmission Line Section, running from the load side of the switchgear included in the Company's Interconnection Facilities at the Point of Change of Ownership to the International Substation;
10. The BTA facilities including (i) the Company's Interconnection Facilities; (ii) the System Upgrades, which include the AIA-FI Transmission System and the Company's International Substation Upgrades; (iii) the Company's Metering Equipment; (iv) System Protection Facilities on the high-side of the Point of Change of Ownership; and (v) the Communications Equipment, unless title to such Communications Equipment is expressly to remain with FIW or CIT pursuant to the I&I Agreement. The BTA facilities are generally depicted in Appendix A-3 to the BTA;
11. An undivided 30% interest (constituting the Company's entire interest) in the following: All rights and property interests included in the term "Property" as defined in that Purchase and Sale Agreement, effective January 1, 2016, between ConocoPhillips Alaska, Inc., as Assignor, and the Municipality of Anchorage d/b/a Municipal Light & Power and the Company, jointly and severally as Assignee, including but not limited to the oil, gas and mineral interests, royalty and net revenue interests identified therein, any rights to production relating thereto, all rights and interests in any unit areas in which such interests and production rights are included, oil and gas condensate wells relating thereto and related equipment; and
12. All energy or other output of any of the foregoing property, and all property, rights, privileges and franchises of the Company of every kind and description, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired by the Company, wherever located, including goods (including equipment, materials and supplies), accounts and general intangibles, relating solely to the foregoing property or the energy or other output of such property.

EXHIBIT A

SIXTH SUPPLEMENTAL INDENTURE

[See attached]

See the Sixth Supplemental Indenture to the Second Amended and Restated Indenture of Trust, dated as of March 17, 2017, filed as Exhibit 4.31 to this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

EXHIBIT 4.4(a)(i)

**FORM OF OPINION OF ALASKA COUNSEL
TO THE COMPANY**

1. The Company is an electric cooperative validly existing under Alaska law.
2. The Company has corporate power and authority to enter into, and to perform its obligations under, each of this Agreement, the Sixth Supplemental Indenture and the 2017 Series A Bonds (collectively, the “*Opinion Documents*”), and to own its properties and to carry on its business as, to our knowledge, it is now conducted.
3. The Company has authorized, by all necessary corporate action on the part of the Company, the execution and delivery of each of the Opinion Documents.
4. The Company has duly executed and delivered each of the Opinion Documents.
5. Each of the Indenture and the 2017 Series A Bonds constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.
6. The execution and delivery by the Company of, and the performance by the Company of the transactions effected by, each of the Opinion Documents do not (a) violate the Company’s Articles of Incorporation or Bylaws; or (b) to its knowledge, breach, or result in a default under, any existing obligation of the Company under any of the Second Amended and Restated Indenture of Trust, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, and the CoBank Master Loan Agreement (each, a “*Specified Agreement*”). For purposes of its opinion, it will express no opinion as to a breach of any existing obligation of the Company that: (i) is not readily ascertainable from the plain meaning of the language in any Specified Agreement without regard to parol or other extrinsic evidence bearing on the interpretation or construction of such Specified Agreement and without regard to any interpretation or construction that might be indicated by the laws of any jurisdiction other than the State of Alaska that may govern such Specified Agreement, or (ii) arises from (A) any financial covenant or other provision in any Specified Agreement that requires financial or numerical calculations or determinations to ascertain compliance, (B) any provision in any Specified Agreement that relates to the occurrence or existence of any material adverse change, effect or event or similar concept, (C) any cross-default provision that relates to a default under any agreement, contract, instrument, lease, license or other writing or record that is not a Specified Agreement, or (D) any provision incorporated by reference in a Specified Agreement from any other agreement or instrument that is not itself a Specified Agreement.

7. The execution and delivery by the Company of, and the performance of the transactions effected by, each of the Opinion Documents (including the issue and sale of the 2017 Series A Bonds) are not prohibited by, nor do they violate any applicable statutes or regulations of any governmental agency or body having jurisdiction over the Company or any of its properties, or any order of any agency or body having jurisdiction over the Company of which it has knowledge.
8. No consent, approval, authorization, order, license, filing, registration or qualification of or with any governmental agency or body having jurisdiction over the Company or any of its properties is required for execution and delivery of the Opinion Documents and consummation by the Company of the transactions effected by the Opinion Documents, including the issuance and sale of the 2017 Series A Bonds pursuant to the Indenture.
9. The Indenture creates in the Trustee's favor, as security for all obligations of the Company stated in the Indenture to be so secured, a valid lien on the real property described in Exhibit A of the opinion, and a security interest in fixtures included therein, to the extent that the Company has rights in the real property described in Exhibit A of the opinion.
10. The Indenture creates in the lender's favor, as security for all obligations of the Company under the Opinion Documents that are stated in the Indenture to be so secured, a security interest in the collateral described therein (except that described only by reference to "all the Company's assets" or "all the Company's personal property" or words of similar import) to the extent that (i) the Company has rights in or the power to transfer such collateral and (ii) creation of a security interest in such collateral is governed by Article 9 of the Uniform Commercial Code in effect in the State of Alaska as of the date hereof (the "*Article 9 Collateral*").
11. The Trustee has acquired, for the benefit of the Purchasers, a perfected security interest in that portion of the Article 9 Collateral in which a security interest can be perfected by filing a financing statement under the Uniform Commercial Code in effect in the State of Alaska as of the date hereof.

EXHIBIT 4.4(a)(ii)

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE COMPANY**

1. The Agreement constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.
2. The issue and sale of the 2017 Series A Bonds and the performance by the Company of the Agreement and the Indenture and consummation of the transactions contemplated therein will not result in any violation of the provisions of any statute or any order, rule or regulation of any New York or federal governmental agency or body having jurisdiction over the Company or any of its properties.
3. No consent, approval, authorization, order, license, filing, registration or qualification of or with any New York or federal governmental agency or body having jurisdiction over the Company or any of its properties is required for the issue and sale of the 2017 Series A Bonds or the consummation by the Company of the transactions contemplated by the Agreement or the Indenture, except such consents, approvals, authorizations, licenses, filings, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase of the 2017 Series A Bonds.
4. Neither the registration of the 2017 Series A Bonds under the Securities Act nor the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, is required for the offer and sale of the 2017 Series A Bonds in the manner contemplated by the Agreement.
5. None of the transactions contemplated by the Agreement will result in a violation of Regulation T, U or X of the Federal Reserve Board.
6. The Company is not an “investment company,” or a company “controlled” by an “investment company,” under the Investment Company Act of 1940, as amended.
7. The execution and delivery by the Company of the Agreement does not result in a breach or constitute a default under the 2016 Credit Agreement.

EXHIBIT 4.4(b)

**FORM OF OPINION OF SPECIAL COUNSEL
TO PURCHASERS**

[To be provided on a case by case basis]

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-1
\$20,000,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA, or registered assigns, the principal sum of TWENTY MILLION DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

- (a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the "*Bonds*") issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the "*Sixth Supplemental Indenture*"), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the "*Indenture*") and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the "*Bond Purchase Agreement*"). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

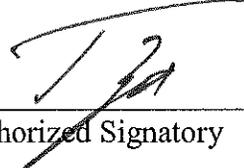
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: *Sherril Highers*
Name: *Sherril L. Highers*
Title: *CFO*

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-2
\$11,200,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY, or registered assigns, the principal sum of ELEVEN MILLION TWO HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

- (a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the "Bonds") issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the "*Sixth Supplemental Indenture*"), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the "*Indenture*") and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the "*Bond Purchase Agreement*"). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

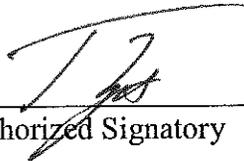
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: *Sherri L. Highers*
Name: *Sherri L. Highers*
Title: *CFD*

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-3
\$4,500,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to VOYA INSURANCE AND ANNUITY COMPANY, or registered assigns, the principal sum of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

(a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond

Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the "Bonds") issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the "*Sixth Supplemental Indenture*"), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the "*Indenture*") and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the "*Bond Purchase Agreement*"). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price

(including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company

executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: *Sherri L. Highers*
Name: *Sherri L. Highers*
Title: *CFO*

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 

Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-4
\$2,300,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to VOYA INSURANCE AND ANNUITY COMPANY, or registered assigns, the principal sum of TWO MILLION THREE HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

- (a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the “*Bonds*”) issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the “*Sixth Supplemental Indenture*”), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the “*Indenture*”) and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the “*Bond Purchase Agreement*”). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

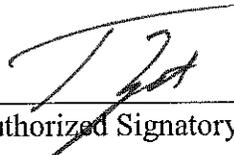
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: Sherril Highers
Name: Sherril L. Highers
Title: CFO

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-5
\$1,500,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to RELIASTAR LIFE INSURANCE COMPANY, or registered assigns, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

(a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond

Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the “Bonds”) issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the “*Sixth Supplemental Indenture*”), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the “*Indenture*”) and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the “*Bond Purchase Agreement*”). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price

(including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company

executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

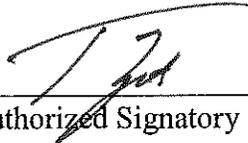
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: *Sherril Highers*
Name: *Sherril L. Highers*
Title: *CEO*

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 

Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-6
\$400,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK, or registered assigns, the principal sum of FOUR HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

(a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond

Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the “Bonds”) issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the “Sixth Supplemental Indenture”), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the “Indenture”) and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the “Bond Purchase Agreement”). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price

(including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company

executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

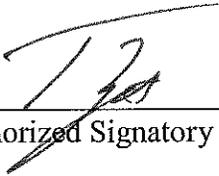
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: *Sherril Highers*
Name: *Sherril L. Highers*
Title: *CFD*

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Signatory

Date of Authentication: March 17, 2017

THIS 2017 SERIES A BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

THE COMPANY IS PERSONALLY OBLIGATED AND FULLY LIABLE FOR THE AMOUNT DUE UNDER THIS 2017 SERIES A BOND AND, SUBJECT TO THE PROVISIONS OF THE INDENTURE, THE HOLDER HAS THE RIGHT TO SUE ON THIS BOND AND OBTAIN A PERSONAL JUDGMENT AGAINST THE COMPANY FOR SATISFACTION OF THE AMOUNT DUE HEREUNDER EITHER BEFORE OR AFTER A FORECLOSURE OF THE INDENTURE UNDER ALASKA STATUTES 09.45.170 - 09.45.220.

CHUGACH ELECTRIC ASSOCIATION, INC.

FIRST MORTGAGE BONDS, 2017 SERIES A, DUE MARCH 15, 2037

**NO. R-7
\$100,000**

**ISSUANCE DATE: MARCH 17, 2017
PPN: 171265 B#7**

FOR VALUE RECEIVED, the undersigned, **CHUGACH ELECTRIC ASSOCIATION, INC.** (herein called the "*Company*"), an electric cooperative organized and existing under the laws of the State of Alaska, hereby promises to pay to SECURITY LIFE OF DENVER INSURANCE COMPANY, or registered assigns, the principal sum of ONE HUNDRED THOUSAND DOLLARS (or so much thereof as shall not have been prepaid) on March 15, 2037, with interest computed on the basis of a 360-day year of twelve 30-day months (a) on the unpaid balance hereof at a rate of 3.43% per annum (plus, upon the occurrence and during the continuation of an Interest Rate Adjustment Event (as hereinafter defined), an additional 2% per annum) from the date hereof, payable semiannually on the 15th day of each March and September, commencing on September 15, 2017, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Sixth Supplemental Indenture referred to below), payable semiannually as aforesaid (or, at the option of the registered Holder hereof, on demand), at the Default Rate (as defined in the Sixth Supplemental Indenture referred to below).

"Interest Rate Adjustment Event" means the occurrence of any of the following:

(a) the Company defaults in the performance of Section 7.1(a) or (b) or Section 7.2 of the Bond Purchase Agreement (as defined below); or

(b) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in the Indenture or the Bond

Purchase Agreement (as defined below) or in any writing furnished in connection with the transactions contemplated by the Sixth Supplemental Indenture (referred to below) proves to have been false or incorrect in any material respect on the date as of which made and, with respect to representations and warranties made after the date hereof, for which accurate information has not since been provided in writing to the Holder of this Bond.

Subject to Section 11 of the Bond Purchase Agreement (defined below), payments of principal of, interest on, and any Make-Whole Amount with respect to this Bond are to be made in lawful money of the United States of America in accordance with the terms of the Indenture.

This Bond is one of the 2017 Series A Bonds due March 15, 2037 (herein called the “Bonds”) issued pursuant to the Sixth Supplemental Indenture, dated as of March 17, 2017 (as from time to time amended, the “*Sixth Supplemental Indenture*”), between the Company and the Trustee named therein which amends and supplements the Second Amended and Restated Indenture of Trust, dated as of January 20, 2011 (as amended and supplemented from time to time, the “*Indenture*”) and is entitled to the benefits thereof and the Bond Purchase Agreement dated March 17, 2017, between the Company and the purchasers listed in Schedule A thereto (the “*Bond Purchase Agreement*”). Each Holder of this Bond will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 18 of the Bond Purchase Agreement and (ii) made the representations set forth in Section 6 of the Bond Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Bond shall have the respective meanings ascribed to such terms in the Sixth Supplemental Indenture.

This Bond shall be registered in the name of the Holder hereof. This Bond is transferable, as provided in the Indenture, only upon the registration books of the Company maintained by the Obligation Registrar, which shall be the Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or his attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Obligation Registrar duly executed by the registered owner or his duly authorized attorney.

The Bonds shall be issued as fully registered Bonds without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Trustee may impose a charge sufficient to reimburse the Company or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Company or the Trustee incurred in connection therewith, shall be paid by in accordance with Section 3.7 of the Indenture.

The Company will make the required prepayments of principal on this Bond on the dates and in the amount specified in the Sixth Supplemental Indenture. This Bond is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Sixth Supplemental Indenture, but not otherwise.

If an Event of Default under the Indenture occurs and is continuing, the principal of this Bond may be declared or otherwise become due and payable in the manner, at the price

(including any applicable Make-Whole Amount) and with the effect provided in the Indenture. In the event that the principal of this Bond shall have been declared or otherwise become due and payable as described in the preceding sentence, then, in addition to paying the Holder hereof the entire unpaid principal amount of this Bond and all accrued and unpaid interest hereon (including, but not limited to, interest accrued hereon at the Default Rate), the Company shall pay to the Holder hereof (to the full extent permitted by applicable law) an amount equal to the Make-Whole Amount determined in respect of such principal amount.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and the Bond Purchase Agreement.

All acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to make the 2017 Series A Bonds issued under the Indenture, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, in accordance with its terms, have been done and taken.

It is the intention of the Holder to comply with the usury laws of the State of Alaska and of the United States of America. This Bond is hereby expressly limited such that in no contingency or event whatsoever, whether by reason of acceleration, prepayment, or otherwise, shall the amount of interest contracted for, charged or received by the Holder for the use, forbearance, or detention of the principal indebtedness or interest hereof, which remains unpaid from time to time, exceed the highest maximum rate permitted by applicable law. If fulfillment of any provisions hereof, at the time of performance of such provisions shall be due, shall involve transcending the valid limits prescribed by applicable law, then, ipso facto, the obligation to be fulfilled shall be reduced to the maximum rate allowed by applicable law. If any Holder receives as interest an amount which will exceed the maximum rate allowed by applicable law, such amount shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness owed to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded. To the extent not prohibited by applicable law, determination of the maximum rate allowed by applicable law shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the full term of this Bond, all interest at any time contracted for, charged or received from the Company in connection with this Bond, so that the actual rate of interest on account of such indebtedness is uniform throughout the term of this Bond. The terms of this paragraph shall control and supersede any other provisions of this Bond.

This Bond shall be construed in accordance with and governed by the law of the State of Alaska.

No covenant or agreement contained in this Bond, the Indenture or the Sixth Supplemental Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the Company in his individual capacity, and no officer of the Company

executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been authenticated by the execution by the Trustee, or its successor as Trustee, of the Certificate of Authentication inscribed hereon.

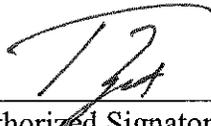
IN WITNESS WHEREOF, the Company has caused this Bond to be executed by a duly authorized officer of the Company.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: Sherril Highers
Name: Sherril Highers
Title: CFO

This is one of the Obligations of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Signatory

Date of Authentication: March 17, 2017

**Letter of Agreement
By and between
Chugach Electric Association, Inc. (Chugach)
and
International Brotherhood of Electrical Workers, Local 1547 (IBEW)
Representing
Office and Engineering Bargaining Unit**

Re: Contract Extension

Recognizing the changes in the electrical industry and the necessity to maintain Chugach's financial health in light of the loss of wholesale revenues during the term of this Agreement; the parties mutually agree to the following extension of the current collective bargaining agreement set to expire on June 30, 2017.

Incorporation by Reference

Chugach and IBEW agree that the terms and conditions of the current Collective Bargaining Agreement ("CBA") between the parties which is scheduled to expire on June 30, 2013 including all Letters of Agreement, Letters of Understanding and/or Grievance Resolutions, including the 60/40 health insurance premium cost sharing and the 10 percent premium increase limitation in the January 20, 2010 Extension Agreement, shall continue in full force and effect until June 30, 2021, except where modified, added to or deleted by this Contract Extension Agreement.

Article 11 O&E: Health and Welfare Cost Sharing shall continue to be modified by the following:

Effective each July 1, of this extension agreement, any increase in the total health and welfare premium will be paid 60 percent by the Employer and paid 40 percent by the employee. Any increase in the total health and welfare premium will not exceed 10% of the total premium in effect on June 30 of that contract year.

In the event that a total monthly premium increase exceeds the established cap of ten percent (10%), the Union agrees to notify the Employer promptly. To prevent a gap in health and welfare coverage for its employees, the Employer agrees to pay the shortfall in the monthly premium for up to 60 days, if necessary. The Employer's coverage of the premium shortfall will facilitate the time required for implementation of cost containment measures decided by the bargaining unit (i.e., movement of monies, benefit plan selection modifications, etc.) If requested by the Union, the Employer agrees to meet and confer over the time and administrative steps necessary to implement the cost containment measures needed by the Union to meet the premium shortfall.

Wages

- Effective, July 1, 2017, the base wage rates for all classifications shall increase by one and one half percent (1.5%).
- Effective, July 1, 2018, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
- Effective, July 1, 2019, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
-
- Effective, July 1, 2020, the base wage rates for all classifications shall increase by three percent (3.0%).

Pension Contribution:

- Effective, July 1, each year of the four year extension, the employer will add \$.25 to the hourly pension contribution, for all bargaining units.

No other terms of the current (expiration June 30, 2017) Collective Bargaining Agreement are modified by this Letter of Agreement. Upon ratification by the bargaining unit and approval of the Chugach Board of Directors, this Extension Agreement will become effective July 1, 2017 through June 30, 2021.



For IBEW :
Mike Hodsdon,
Business Manager

3/30/17
Date



For Chugach:
Lee Thibert,
Chief Executive Officer

3-24-17
Date

**Letter of Agreement
By and between
Chugach Electric Association, Inc. (Chugach)
and
International Brotherhood of Electrical Workers, Local 1547 (IBEW)
Representing
Generation Bargaining Unit**

Re: Contract Extension

Recognizing the changes in the electrical industry and the necessity to maintain Chugach's financial health in light of the loss of wholesale revenues during the term of this Agreement; the parties mutually agree to the following extension of the current collective bargaining agreement set to expire on June 30, 2017.

Incorporation by Reference:

Chugach and IBEW agree that the terms and conditions of the current Collective Bargaining Agreement ("CBA") between the parties which is scheduled to expire on June 30, 2017 including all Letters of Agreement, Letters of Understanding and/or Grievance Resolutions, including the 60/40 health insurance premium cost sharing and the 10 percent premium increase limitation in the January 20, 2010 Extension Agreement, shall continue in full force and effect until June 30, 2021, except where modified, added to or deleted by this Contract Extension Agreement.

Article 11 GEN: Health and Welfare Cost Sharing shall continue to be modified by the following:

Effective each July 1, of this extension agreement, any increase in the total health and welfare premium will be paid 60 percent by the Employer and paid 40 percent by the employee. Any increase in the total health and welfare premium will not exceed 10% of the total premium in effect on June 30 of that contract year.

In the event that a total monthly premium increase exceeds the established cap of ten percent (10%), the Union agrees to notify the Employer promptly. To prevent a gap in health and welfare coverage for its employees, the Employer agrees to pay the shortfall in the monthly premium for up to 60 days, if necessary. The Employer's coverage of the premium shortfall will facilitate the time required for implementation of cost containment measures decided by the bargaining unit (i.e., movement of monies, benefit plan selection modifications, etc.) If requested by the Union, the Employer agrees to meet and confer over the time and administrative steps necessary to implement the cost containment measures needed by the Union to meet the premium shortfall.

Wages

- Effective, July 1, 2017, the base wage rates for all classifications shall increase by one and one half percent (1.5%).
- Effective, July 1, 2018, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
- Effective, July 1, 2019, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
- Effective, July 1, 2020, the base wage rates for all classifications shall increase by three percent (3.0%).

Pension Contribution:

- Effective, July 1, each year of the four year extension, the employer will add \$.25 to the hourly pension contribution, for all bargaining units.

No other terms of the current (expiration June 30, 2017) Collective Bargaining Agreement are modified by this Letter of Agreement. Upon ratification by the bargaining unit and approval of the Chugach Board of Directors, this Extension Agreement will become effective July 1, 2017 through June 30, 2021.



For IBEW :
Mike Hodsdon,
Business Manager



Date



For Chugach:
Lee Thibert,
Chief Executive Officer



Date

**Letter of Agreement
By and between
Chugach Electric Association, Inc. (Chugach)
and
International Brotherhood of Electrical Workers, Local 1547 (IBEW)
Representing
Outside Plant Bargaining Unit**

Re: Contract Extension

Recognizing the changes in the electrical industry and the necessity to maintain Chugach's financial health in light of the loss of wholesale revenues during the term of this Agreement; the parties mutually agree to the following extension of the current collective bargaining agreement set to expire on June 30, 2017.

Incorporation by Reference:

Chugach and IBEW agree that the terms of the current Outside Plant Collective Bargaining Agreement (CBA) between the parties which is scheduled to expire on June 30, 2017 including all Letters of Agreement, Letters of Understanding and/or Grievance Resolutions shall continue in full force and effect through and including 11:59 p.m. June 30, 2021, except where modified, added to or deleted by this Contract Extension Agreement. This Letter of Agreement replaces the Letter of Agreement extending the contract from July 1, 2013 through June 30, 2017.

Article 13 OSP: Health and Welfare Cost Sharing shall continue to be modified by the following: Effective each July 1, of this extension agreement, any increase in the total health and welfare premium will be paid 60 percent by the Employer and paid 40 percent by the employee. Any increase in the total health and welfare premium will not exceed 10% of the total premium in effect on June 30 of that contract year. In the event that a total monthly premium increase exceeds the established cap of ten percent (10%), the Union agrees to notify the Employer promptly. To prevent a gap in health and welfare coverage for its employees, the Employer agrees to pay the shortfall in the monthly premium for up to 60 days, if necessary. The Employer's coverage of the premium shortfall will facilitate the time required for implementation of cost containment measures decided by the bargaining unit (i.e., movement of monies, benefit plan selection modifications, etc.). If requested by the union, the Employer agrees to meet and confer over the time and administrative steps necessary to implement the cost containment measures needed by the Union to meet the premium shortfall.

Wages

- Effective, July 1, 2017, the base wage rates for all classifications shall increase by one and one half percent (1.5%).

- Effective, July 1, 2018, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
- Effective, July 1, 2019, the base wage rates for all classifications shall increase by the Anchorage CPI-U at no less than two percent (2.0%) and at no more than two and one half percent (2.5%).
- Effective, July 1, 2020, the base wage rates for all classifications shall increase by three percent (3.0%).

Pension Contribution:

- Effective, July 1, each year of the four year extension, the employer will add \$.25 to the hourly pension contribution, for all bargaining units.

No other terms of the current (expiration June 30, 2017) Collective Bargaining Agreements are modified by this Letter of Agreement. Upon ratification by the bargaining unit and approval of the Chugach Board of Directors, this Extension Agreement will become effective July 1, 2017 through June 30, 2021.

Mike Hodsdon

 For IBEW :
 Mike Hodsdon,
 Business Manager

3/30/17

 Date

Lee Thibert

 For Chugach:
 Lee Thibert,
 Chief Executive Officer

3-24-17

 Date

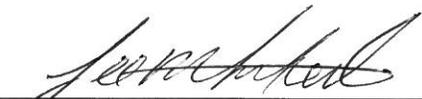
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002)

I, Lee D. Thibert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chugach Electric Association, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2017

By: 

Lee D. Thibert
Chief Executive Officer
Principal Executive Officer

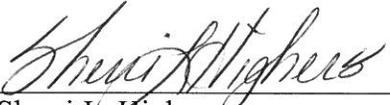
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 302 of
the Sarbanes-Oxley Act of 2002)

I, Sherri L. Highers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chugach Electric Association, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Chugach as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing similar functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2017

By: 

Sherri L. Highers
Chief Financial Officer
Principal Financial Officer

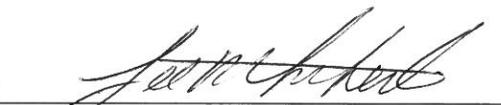
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002)

In connection with the quarterly report on Form 10-Q of Chugach Electric Association, Inc. (the "Company") for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Lee D. Thibert, Chief Executive Officer and Principal Executive Officer of the Company, hereby certify as the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: May 12, 2017

By: _____



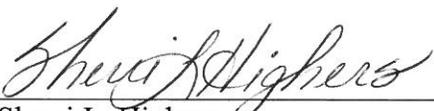
Lee D. Thibert
Chief Executive Officer
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Certification Pursuant to 18 U.S.C. Section 1350 (Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002)

In connection with the quarterly report on Form 10-Q of Chugach Electric Association, Inc. (the "Company") for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Sherri L. Highers, Chief Financial Officer and Principal Financial Officer of the Company, hereby certify as the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: May 12, 2017

By: 

Sherri L. Highers
Chief Financial Officer
Principal Financial Officer